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The U.S. and Canadian Army Strategies: Failures in Understanding

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Canadian Army

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PREFACE

The U.S. Army War College provides an excellent environment for selected military officers and government civilians to reflect and use their career experience to explore a wide range of strategic issues. To assure that the research developed by Army War College students is available to the Army and Department of Defense leaders, the Strategic Studies Institute publishes selected papers in its Carlisle Papers in Security Strategy Series.

Colonel Stephen Brent Appleton, author of this Carlisle Paper and member of the Class of 2003, examines the formal strategies of the U.S. and Canadian Armies within the context of present organizational thinking used by Corporate North America. He argues that both armies' inclination to internalize business concepts and strategies has left them in a precarious position with regard to strategy formulation and direction—one which could jeopardize the relevancy of their land forces.

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ABOUT THE AUTHOR

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ABSTRACT

Organizational conception and business practice share much in common with military strategy. The two areas of study have had a mutually supportive relationship for decades. Particularly since the commencement of the 20th century, the business community has borrowed freely from and refined military thinking. This practice has been in large part credited with the enormous success of the industrial expansion of the United States and Canada. Many of today's multicorporations gained global prominence from adopting and employing military concepts and people. But the phenomenon has not been altogether one-sided. Since the 1970s, the military profession has, in turn, embraced organizational thinking and business practices. This paper will focus on the military's attempt to assimilate aspects of management and organizational theory, as well as business experience, to bring direction and meaning to its present and future placement in the 21st century. More specifically, the author will examine the formal strategies of both the U.S. and Canadian Armies within the context of present organizational thinking as taught by leading institutions and utilized by Corporate North America. The author will argue that the penchant of both armies to internalize business concepts and strategies has left the two nations' armies in a perilous situation pertaining to strategy formulation and direction. Using current management and organizational models, the author intends to identify the fundamental weaknesses within the two armies' strategies. More importantly, as both armies engage enterprise-wide transformation, the author will demonstrate how this fundamental weakness in cognition and application has the very real possibility of jeopardizing the relevancy of both nations' land forces.

THE U.S. AND CANADIAN ARMY STRATEGIES: FAILURES IN UNDERSTANDING

PART I: OVERVIEW

War and commerce are entirely alike in terms of human conflict, strategy, and sought objectives.

Karl von Clausewitz

It has been almost 200 years since Clausewitz made this comment on the similarities between war and business. Now, as then, the commonality between these two practices endures. In fact, the past decade has witnessed an unprecedented narrowing of the two domains. Whereas the profession of arms served as the model for Corporate North America during the two World Wars in terms of strategy formulation and organizational design, the more recent trend has been just the reverse. The business community, conducting operations on a continuous basis, has refined, adapted, analyzed, and implemented strategic thought in such a manner that it increasingly has captured the attention of the Defense Departments of the United States and Canada.

The oil crisis of the 1970s and the emergence of foreign competitors, particularly Japan, in the 1980s changed conventional business thinking. Those who adapted to the changing competitive environment not only survived but excelled. The remainder failed. As the market conditions of the bipolar world ended with unexpected swiftness and globalization assumed preeminence, private industry was again forced into strategic reevaluation. The advantages of incumbency were weakened significantly. Of the top Fortune 500 companies in 1970, less than 300 remain in business today.[1]

This global framework mirrors the operating environment in which the Armies of the United States and Canada have found themselves for almost 10 years. The collapse of the Soviet Union and Warsaw Pact ushered in a new era of conflict conception and management. Based on global trends over the past 20 years, particularly in Western societies, large standing armies became neither justifiable nor affordable.[2] Political leaders, understanding this reality, made it clear to their militaries that traditional management approaches were no longer acceptable. New ideas and methods were needed. For solutions, both government and military leaders looked externally; inevitably, they turned to the private sector.

Relying on business for new ideas should not be surprising. The challenges between the military and business community are very similar: the competitive environment continues to change; emerging technologies present new opportunities; people skills require constant upgrading; leadership is spending less time in given assignments; stakeholders have demanding expectations; and budgetary pressures remain unrelenting.[3] The struggle for existence and eventual success is shared by both communities. Both organizations incite human conflict. Moreover, particularly in North America, private industry is seen as the locus of innovation in an open society.[4] It has freedom to experiment and establish clear standards for measurement. Objective evaluation, at least in theory, is possible. The private sector has demonstrated over time the ability to craft radical corporate philosophies as well as ingenious organizational designs. It has shown the capacity to renew itself, mobilize human resources, and set strategy.[5] In fact, many argue that strategy is the essential link between business and warfighting.[6]

This paper focuses on strategy and strategy formulation. Specifically, the elements of organizational theory and management doctrine espoused by theorists and practiced by the private sector will be juxtaposed with the strategies of the U.S. and Canadian Armies. This paper will demonstrate that the two Armys' strategies are fundamentally flawed because of a failure to understand and internalize the overarching organizational theories and practical lessons from the business community—the same community that both armies claim to have studied and embraced to launch their own strategies.

First, this paper will describe the continuing trend towards assimilation between the respective militaries and business. It will also include an insight into general organizational thinking. Secondly, the overall strategies of the two nations' armies will be highlighted to set the foundation for deeper understanding. Next, the author describes common business and organizational tools used to create generic strategies; these tools will be applied to the two armies to specify their respective strategic position for the present. By doing so, a projection can be made regarding the appropriate strategy needed for each army to ensure future competitive success.

A detailed examination of such strategic ingredients as vision, mission statements, process, competencies, transformation, and management doctrine will be conducted thereafter. The purpose of this section is to compare the substance of the two army strategies with current management thought and better establish whether or not the true direction of the stated strategies matches the needed positioning. Lastly, a series of recommendations will be provided with the view of improving the strategy of both armies.

This analysis, however, is not meant as condemnation. Since both armies continue to embrace current organizational constructs and business practices, this argument is meant to ignite dialogue and intellectual reflection. Clearly, certain long-standing virtues in both organizations must survive; managerial and organizational orthodoxy, however, should not.[7] The challenge is to find this line of separation. Thinking critically about what is being done and what needs to be done for the future is the underlying message of this paper. Truly successful strategies can only be created through proper understanding.

The Move Towards Business Practices.

Defense reform was a major theme of the Clinton administration.[8] In an effort to be a more competitive organization, the Department of Defense (DoD) set out to adopt better commercial practices and processes, to reduce redundancy, and to streamline organizations. A management council of DoD leaders and a panel of chief executive officers (CEOs) from leading private companies were established to provide advice on reform opportunities and implementation.[9] The targeted areas included financial management, electronic commerce, travel, logistics, infrastructure, and utilities. Programs were also identified with the idea of using market mechanisms to improve quality and reduce costs. As a result, public-private partnerships were established to create a more competitive environment. As the end of the Clinton presidency drew near, DoD was committed to staying current with corporate practices, exploring new ideas, and learning from private industry.[10]

The arrival of the Bush administration in 2000 accelerated this movement towards the private sector. The 2001 *Quadrennial Defense Review* (QDR) explicitly outlined the modernization of the Department along business lines.[11] Secretary of the Army Thomas E. White wanted to add *business practices* to the Army Vision.[12] Although this did not materialize, the Army established a Business Initiative Council (BIC) to approve initiatives for improving efficiencies in business operations and processes.[13] Given the personal backgrounds of the President, Vice-President, Secretary of Defense, and Secretary of the Army, it is envisaged that this business approach to Defense and the Army will continue for the immediate term.

The Canadian military was subject to similar thinking during the mid to late 1990s under the Chretien government. Faced with over a 20 percent budget reduction in military spending since 1994,[14] the Department of National Defence (DND) was forced to react. *Strategy 2020*, a joint DND-Canadian Forces (CF) document for future defense planning, was released.[15] Programs such as Alternate Service Delivery (ASD), Activity-Based Costing (ABC), Most Efficient Organizations (MEO), and revenue retention were proposed and implemented to reduce the overall cost structure of the department. Such programs superimposed themselves on Total Quality Management (TQM) initiatives, already being

entertained within the forces. Like the other Services, the Canadian Army was forced to accept certain aspects of this Defence-wide approach.

However, the Canadian Army realized only marginal benefit from these initiatives. Flawed in concept or execution (or both), the army was operating beyond its means by approximately $300 million per year.[16] Finally, in 2000, with a change in army leadership, a new approach was adopted. Designating *"Institutional Credibility"* as the army's center of gravity, the leadership crafted a strategy to recognize financial limits while undergoing force rebalancing.[17] Within this context, the use of management theories and organizational design gained renewed emphasis.

The Challenge.

The integration of management theory and business practices into an army organization to create enhanced efficiencies and effectiveness is laudable.[18] It forces the synthesis of two organizational systems at the most basic level. Whether or not this harmonization is achievable remains debatable. Graham T. Allison, political scientist and former Dean of Harvard's Kennedy School of Government, argues there is no significant body of private management skills or practices that can be directly transferred to public management that produces significant improvement. Borrowing specific management skills and concepts will not improve performance substantially; what is necessary, he argues, is better understanding of public management.[19] Careful review of the existing literature on the subject reveals that his concerns are well-founded.

The private sector operates as an open system.[20] In simple terms, this means business interacts with the external environment on a continuous basis, consuming and producing resources which flow from and into this domain. Efficiency is less an issue than effectiveness. Open systems are dynamic. Products, cultures, management styles, and processes change over the span of an organization's life to ensure the organization remains relevant.

Comparatively, closed systems are characterized as independent from the operating environment. Viewed as a continuum, closed systems reside on the far left, while open systems occupy the far right end of the scale. True closed systems do not exist, but organizations conceived under the auspices of scientific management, early industrial-based management concepts, and industrial engineering exhibit closed-system design. In these systems, internal operations are the focus, and stable operating environments are assumed.[21] Such systems have a mechanistic design. Government organizations tend to reflect this organizational system.

Closed systems also feature a type of rational planning that runs counter to open systems, according to Charles E. Lindolm.[22] Closed systems generally display an overarching approach that is based on previously established decisions and policies. The rational planning approach ensures an organization moves towards convergence quickly with like-minded practitioners. Open systems tend to display approaches that often return to first principles using means and ends analysis with a clear distinction between the two. Divergent thinking in an open system is commonplace.

Value is also a dominant theme of open systems. Best possible value at reasonable cost is the consistent expectation from customers. Maximizing organizational value is the desire of stakeholders. The value proposition serves as an organization's competitive advantage. In an open system, competing and winning by continually serving and exceeding customer needs equates to organizational success.

Finally, open systems are characterized by the need for common terminology. Well-defined terminology is considered the start-point for conceptual analysis.[23] The use of vague or poorly-defined vocabulary inhibits understanding; this is particularly dangerous in dynamic, highly competitive environments.[24]

Merging business approaches into the army represents, in many ways, the making of a hybrid organizational system. Unique features from both systems must be carefully understood to ensure their

application is strategically sound and coherent. Common terminology serves as the first prerequisite.

Superior strategic thinking serves as the second prerequisite. A dynamic and competitive environment forces organizations to refine their strategic thought and orientation continually. The importance of enlightened strategic thinking to organizational success cannot be underestimated. Business strategist Michael Porter states:

> There are no substitutes for strategic thinking. Improving quality is meaningless without knowing what kind of quality is relevant in competitive terms. Nurturing corporate culture is useless unless the culture is aligned with the company's approach to competing. Entrepreneurship, unguided by a strategic perspective, is much more likely to fail than succeed.[25]

Situated within a turbulent operating environment, both armies continue to strive for enhanced strategic relevance as viewed by their political leadership. This necessity entails exhibiting enhanced open system characteristics to ensure mutual understanding. Applied to strategic conception and implementation, this means not only articulating the organization's strategy in a manner that is void of ambiguity, but also evident of superior thinking. On that note, it is now appropriate to examine the strategies of the U.S. and Canadian Armies.

PART II: REVIEW OF THE TWO ARMY STRATEGIES

Overview.

Part II briefly examines the strategies and plans from both armies. The intent is not to reproduce the actual strategies, but to highlight salient features and note certain aspects or unique features that will be key for subsequent analysis. In both cases, strategic assumptions and deductions lay the foundation for strategy formulation.

Review of the U.S. Army Plan.

Late in 2002 the Chief of Staff Army (CSA) and Secretary of the Army released *The Army Plan* (TAP) 2004-19.[26] In light of previous domestic and global events, the delivery of this plan was crucial to planning for and understanding the Army's future. In particular, the distinction between this plan and previous submissions was twofold: the long-term requirement to support the global war on terrorism (GWOT) and the need to sustain army transformation.[27]

TAP is an integrative plan. It serves as a trilogy. Army Strategic Planning Guidance (ASPG) is contained in Section One and is the primary planning document; Section Two provides Army Planning Priorities Guidance (APPG); and last, Section Three contains the Army Program Guidance Memorandum (APGM). This review of TAP focuses on Sections One and Two, the stated ends and ways of the overall plan. Figure 1 captures this relationship. The ASPG informs the APPG. Other publications, namely the War on Terrorism and the Transformation Plan, complement the guidance contained within this document. Last, based on the time of this document's release, it is clear that the overarching strategic reference was the 2001 QDR. The Defense Planning Guidance (DPG) also played an influential role.

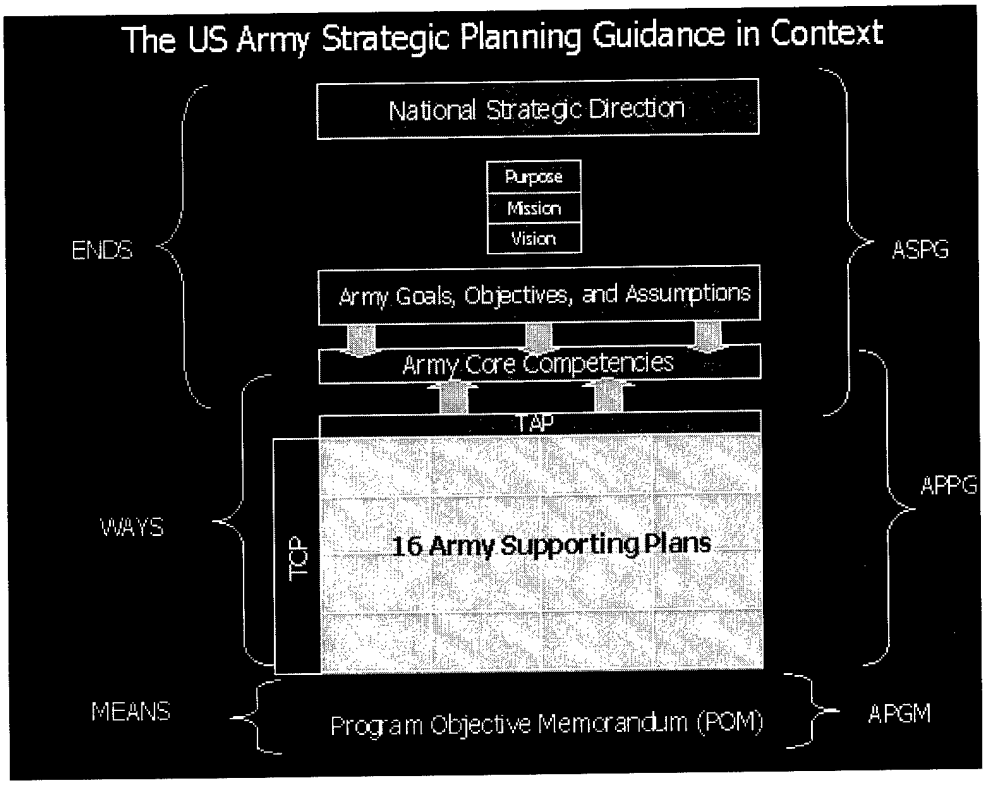

Figure 1. The U.S. Army Plan in Context.

The purpose of TAP is to launch the strategic planning process. It is designed to activate the strategy planning processes and create a common understanding of the Army's way ahead for the next 10-20 years. The successful fielding of needed capabilities is the determinate of success for the Plan. TAP emphasizes a measured and balanced approach to strategic planning and to meeting the variety of demands placed on the Army. Such demands are both external and internal.[28]

TAP was based on several key strategic documents that provided needed guidance. First, the U.S. Defense Strategy formally stated its vital tenets.[29] These included:

- managing current and future risk;
- taking a capabilities-based approach;
- defending the United States and protecting military power;
- strengthening alliances and partnerships;
- maintaining favorable regional balances;
- developing a broad portfolio of military capabilities; and,
- transforming defense.

To operationalize these tenets, the QDR directed the Army to size its force based on four missions: (1) defending the United States; (2) deterring aggression and coercion forward in critical regions; (3) swiftly defeating aggression in overlapping major conflicts while preserving the President's option to call for a decisive victory in one of those conflicts, including the possibility of regime change or occupation; and (4) conducting a limited number of smaller-scale contingency operations.[30]

Based on this direction, the Army accepted and made certain strategic assumptions, key to strategy formulation. The author has listed the most important to the development of TAP:[31]

- The United States can anticipate the capabilities an adversary might employ;
- The United States has a substantial margin of advantage with respect to capabilities essential to the successful conduct of military operations;
- The United States has an advantage in the conduct of complex military operations conducted by joint forces;
- The spectrum of likely operations reveals the need for land forces in joint, combined, and multinational formations for a variety of missions;
- The strategic environment will remain multipolar and complex for the next 20 years;
- The United States will remain a global leader;
- The establishment of regional alliances or reallocation of a state's priorities could serve to change the balance of power;
- Despite multipolarity, the future will be increasingly complex with shifting power in relationships and ad hoc security structures;
- Competitors will actively seek asymmetric strategies and niche capabilities to counter U.S. strengths and exploit U.S. vulnerabilities; and,
- The adaptive and unpredictable nature of the envisaged future adversary mandates that the Army have a rapid, decisive capability to respond across the full spectrum of operations.

Whether the aforementioned assumptions prompted a major reevaluation within the Army is unknown. However, it is noteworthy that TAP has restated the Army Mission statement:

> The Army's mission is to conduct homeland security operations, provide Title 10/32 support to combatant commanders as they execute the current global war on terrorism and prepare for other assigned missions in defense of our national interest while transforming for the future.[32]

Concurrently, the Army has acknowledged certain challenges and vulnerabilities that will influence the accomplishment of its mission. Most significant of these are: OP and PERSTEMPO (operational and personnel tempo) with the resulting increased demand on the Reserve Component, the sacrificing of installations, equipment modernization, and the well-being of its people to ensure near-term readiness, the transformation process, an eroding U.S. superiority in training, and a shortfall in strategic transport aircraft.[33]

From this position of self-awareness, TAP identifies Army goals and objectives. The Army goals are:[34]

- Enable the United States to fulfill its world leadership responsibilities of safeguarding our national interests, preventing global calamity, and making the world a safer place;
- Be responsive and dominant at every point on the spectrum of operations both today and in the future;
- Fight and win our Nation's wars; and,
- Remain the most respected Army in the world.

U.S. Army objectives were derived from the Army Vision of People, Readiness, and Transformation. The Transformation Objective identified success critieria, including fielding an Interim Force not later than 2007 and fielding the first Objective Force Initial Operational Capability (IOC) by 2010; an additional five Objective Force units would be fielded by 2012.[35] The type of organization the Army will need has been the topic of much discussion. The Objective Force will have seven characteristics: responsiveness, deployability, agility, versatility, lethality, survivability, and sustainability.[36]

While a significant portion of TAP is programmatic, the most controversial aspect of the plan is its considerable review of core competencies.[37] In specifying core competencies, TAP refers to Field Manual (FM)-1, *The Army*. Of particular interest is the manner in which core competencies are viewed:

> The Army core competencies are the essential and enduring capabilities of our Service. While they are not necessarily unique to the Army, they define our fundamental contributions to our Nation's security. While technology and other factors may change the ways the Army contributes to America's security, the competencies the Army contributes to America's security endure.[38]

In response to the constrained resource environment, the Army has instituted a methodology for identifying risks as associated with each core competency. Program Evaluation Groups (PEGs) perform the task of identifying competencies required to meet particular demands and applying resources to attain and maintain the required competencies. Prioritization guidance is based on two factors: the risk of not possessing the competency in a given situation, and the likelihood of demand. Moreover, the Army leadership, through TAP, has been provided resource prioritization criteria:

- Senior Leader Guidance;
- Combatant Commanders' Integrated Priority List and Joint Monthly Readiness Reports;
- DPG;
- Joint Strategic Capabilities Plan;
- TCP;
- Core Competencies; and,
- QDR Risk Framework.

Additionally, each core competency, as detailed at Annex C in TAP, has been broken down into constituent parts. Each competency features one assigned objective, a range of 4-6 tasks, and a plethora of subordinate capabilities at the strategic and operational level. For example, the competency of "Shaping the Security Environment" features 6 tasks and a total of 71 stated capabilities.[39]

TAP is a comprehensive document. Its provision of guidance and priorities is vital to strategy formulation. But how substantial is TAP? As a plan, it serves to set in motion subsequent programming. However, a plan is not necessarily a strategy.[40] If TAP does not establish U.S. Army strategy for the future, then where is the strategy set forth?

Review of the Canadian Army Strategy.

In March 2002 the Chief of Land Staff (CLS) of the Canadian Army released *The Army Strategy*. It was the first time in decades that the Canadian Army received such a focused document from its top soldier.[41] *The Army Strategy* is meant to serve as the comprehensive and unified link of ends, ways, and means. It is holistic in approach. Recognizing the increasingly complex operating environment, it is also meant to be deliberately broad and balanced in guidance, while remaining proactive.[42] Projecting out a decade, the strategy is designed to create a strategically relevant force into the future.

The strategy was crafted within the overall guidance from the DND.[43] This overarching document provided the Army with eight objectives to accomplish, of which the Army has focused on two:[44]

- Modernize the Force: field a force with advanced combat capabilities that target leading-edge technologies and doctrine for the battle-space of the 21st century.
- Be Globally Deployable: enhance combat preparedness and sustainability.

In addition, a number of assumptions and conclusions were made by the Army to serve as the foundation for the Army strategy. Key among these were:

- The Army needs to be more agile and lethal;
- Officers and soldiers need to inculcate the military ethos;[45] education, training, and professional development systems must be adapted to the new strategic realities;
- The Army of Today, its field force, training and support systems, are unbalanced and must be corrected;
- The Army Force Development Process is maturing but needs to better focus on the 10-year model;
- A multi-purpose, combat capable, modernized, interoperable, and deployable force, engaged with Canadians, remains valid; and
- Capabilities-Based Planning (CBP) requires new thinking on what capabilities need to be in the Army and what can be expected from Allies.

The Army leadership also identified its strengths and weaknesses, an integral component of any strategy formulation process. Some of the more pertinent ones are:

- Canadian Army strengths:
  - Quality and motivation of our soldiers and leaders,
  - Coyote and LAV 3 vehicles,
  - Leap ahead technology in C3I,
  - Training areas, and
  - Broad public support.
- Canadian Army weaknesses:
  - Infrastructure,
  - Direct and indirect firepower,
  - Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) capabilities,
  - PERSTEMPO and personnel cuts,
  - Diminished collective training opportunities and skill fade at brigade level, and
  - Sense of mistrust between soldiers and senior leaders.

The aforementioned list is critical to understanding the strategy. The Army intends to realize its plan by capitalizing on its strengths and overcoming its weaknesses.

Essentially, the Army Strategy pursues four objectives or thrust lines:[46]

1. Connect with Canadians;
2. Shape Army Culture;
3. Deliver a Combat Capable, Sustainable Force Structure; and,
4. Manage Readiness.

The stated objectives are meant to transform the Army into an outward looking organization with harmonized ethos and culture.[47] Moreover, this organization will be a medium-weight, information-age force sought after by Allies, and capable of applying force across the entire spectrum of conflict and continuum of operations.

In addition to these stated objectives, which are functional in nature, the strategy also has a relational dimension. This aspect of the strategy is arguably its most important feature. Based on its center of gravity, Institutional Credibility,[48] key relationships are identified with the Canadian public, national leadership, the CF and DND, Allies, and within the Army itself.[49] Army credibility will be not only strengthened through this relational medium, but also through focus on three enablers: capability, sustainability, and unity.[50] The latter is considered essential to leveraging capabilities.

The most controversial component of the Army Strategy centers on its fourth objective: *Manage Readiness*. A Readiness Framework is being implemented that will commit one–third of the Army field forces to a state of training; another third ready, if not deployed, on operations; and the last third of the Army to a state of reconstitution, upon return from operations or ready-status. Figure 2 highlights this framework.[51] The Army leadership acknowledges that this approach reduces flexibility at the subordinate formation level and below; training for forces in reconstitution will be limited to platoon and troop level only. Institutional predictability, however, is needed. The desired outcome of this approach is the ability to forecast 6 years in advance the disposition of Army units. Such a condition will support the management of change.

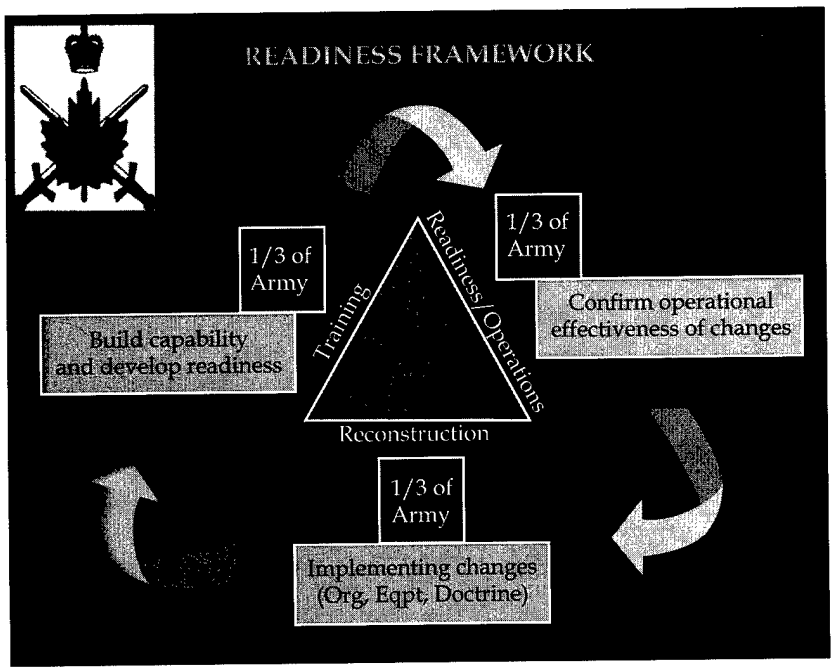

Figure 2. Readiness Framework.

Implementation of this approach will be key to strategic success. In this case, the Army will focus on the Three Horizon Concept: the Army of Today (0-5 years), the Army of Tomorrow (5-10 years), and the Army of the Future (10-30 years). The Strategy states the linkage between the Army of Today and Tomorrow will be dominated by DND needs, government policy, budget restrictions, and societal trends. This will be, by necessity, an incremental approach.[52] The strategy will capitalize on opportunities during this period, embracing an emergent position.[53]

The Army of Tomorrow and the Future, however, as assessed by the author, will be less constrained. The linkages will be based on technology, globalization, and the assessed security environment. Governance, strategic leadership, management and processes, sequencing, resources, and performance measurement are identified as the key implementation tools to be used throughout this plan. This is where the Army will target radical change.

The Army Strategy is a new phenomenon. Its publication marks the first time that Canadian Army officers and soldiers at all levels can read and view for themselves the manner in which the senior leadership is moving the organization forward.

Summary.

Clearly TAP and the Canadian Army Strategy must set the conditions for effective organizational strategy. Of the two, it is arguable that the Canadian Army Strategy lays the groundwork for more complete conception of strategy. TAP remains heavily influenced by a resource-justification mindset. Both documents, quite correctly, link the political-operational imperative. Lastly, as will become more evident, both documents serve, in varying degrees, as the basis for subsequent strategic thought and formulation.

PART III: STRATEGIC APPLICATION

Overview.

Having reviewed each of the two strategies, it is now appropriate to apply selected organizational tools to establish a comparative benchmark from which to begin a more detailed analysis. It is important for the reader to understand that the use of models and tools serve to simplify the representation of reality. As such, they leave out detail and texture in an effort to isolate and highlight the most salient features. Also, models should not be judged on whether they are right or wrong, but by how useful they are for explaining, describing, or evaluating a topic under study.

Life Cycle Model.

The Organizational Life Cycle is not a new methodology. It first appeared in 1972 in the Harvard Business Review (HBR) article, "Evolution and Revolution as Organizations Grow."[54] The Life Cycle methodology describes the entirety of the organization from inception through maturity to decline. The methodology states that each time an organization enters a new stage of the life cycle, it confronts a new set of rules for how to organize functions internally and compete externally.[55] It also assumes an open system.[56] Figure 3 depicts the Life Cycle Chart for any organization.

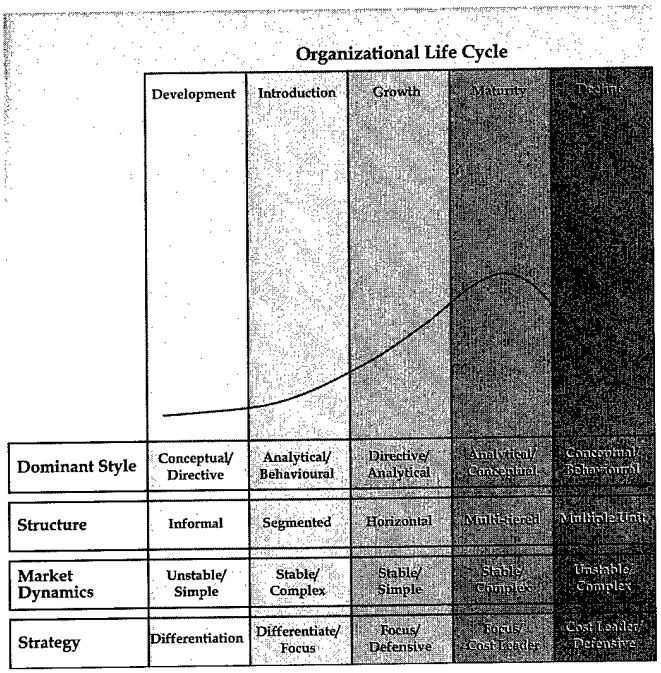

Figure 3. Life Cycle Model.

Accompanying each stage of the life cycle is a series of characteristics that are normally attributed to an organization at that point in the maturation spectrum. These characteristics apply to organizational leadership style, structure, operating environment, and strategy selection. What is particularly compelling to note with this model is that no organization has perpetual life. Unless management takes action to counter the life cycle pattern, every organization will eventually fall into decline.[57] Therefore, all organizations plan for this decline phase with the intent of creating a new product, service, or reinventing themselves to prolong the growth stage and avoid the decline stage. Figure 4 depicts this phenomenon.

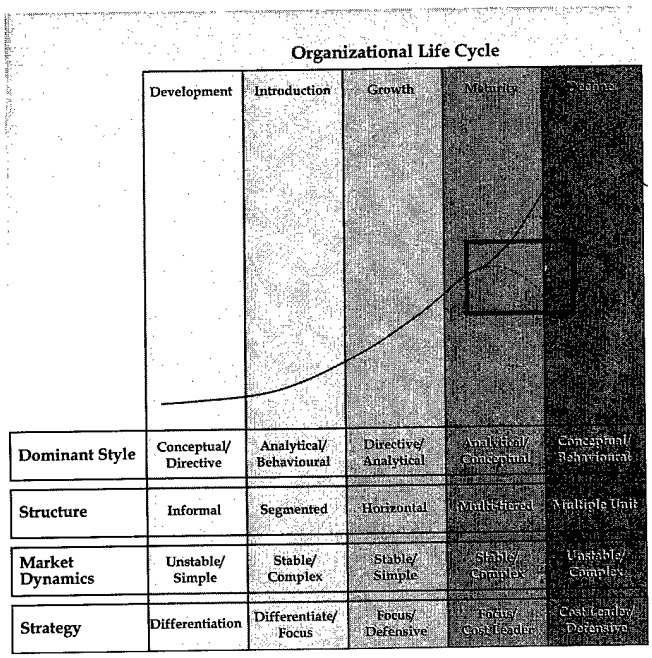

Figure 4. Life Cycle Prolongation.

One other circumstance exists that can extend this life cycle; this involves a shift in the entire marketplace or industry and is normally outside the organization's control. Such an event changes the entire competitive landscape and places the incumbent organization under considerable stress. Using life cycle analysis, the resulting dynamic for an organization is the same as returning to the *Development* or *Introduction Phase,* thus requiring a fundamental shift in strategic orientation. Figure 5 captures this dynamic.

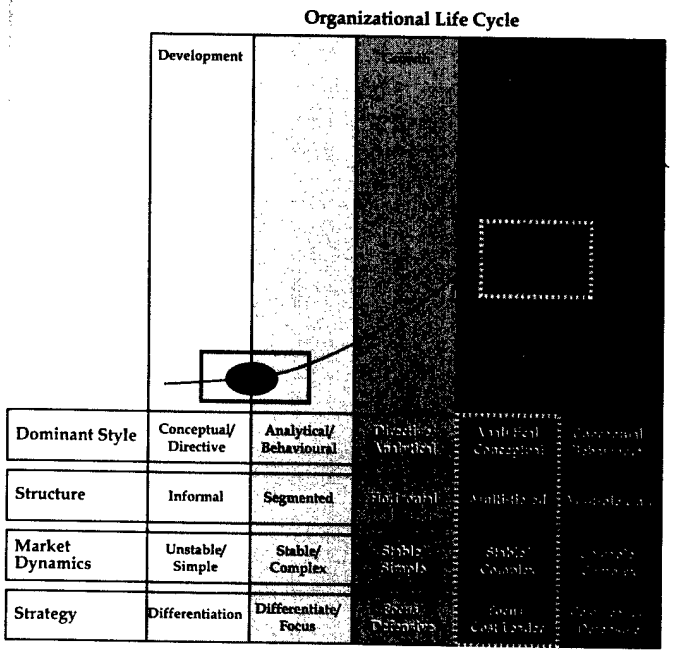

Figure 5. Life Cycle Shift.

Failure to recognize such a shift in the operating environment will usually cause organizational failure. This is the challenge every organization faces, regardless of its orientation, in the globalized marketplace. The beginning of the life cycle phase is completely different in strategic approach than the Mature or Decline Stage. According to the literature, not many organizations succeed in meeting this new challenge.

This methodology offers considerable insight regarding the current strategic approaches of the respective Armies of the United States and Canada. Both organizations are clearly mature; and shortly after 1989-91, with the end of the Cold and Gulf Wars and the subsequent downsizing of forces and budgets, they were part of a declining industry. As depicted by the Organizational Life Cycle, these armies exhibited the characteristics of the Maturity and Decline Stage. In general terms, such organizations exhibit a management approach ranging from analytical to conceptual in theme, highlight multiple levels of hierarchy with varying degrees of autonomy, operate within a stable yet complex environment, and follow a strategy that is conservative with an exhaustive costing analyses mindset.[58]

Since 1991, accepting the notion a revolutionary-type event has occurred, the operating environment for military organizations was altered fundamentally.[59] This shift in the nature of conflict, according to the methodology, placed both organizations in a radically different strategic position. Severe challenges to the organizational leadership style, structure, and strategy were manifest. To survive this change, both organizations' actions needed to reflect the tenets of the Life Cycle Model, namely a movement to reposition for the future viability of their organization. The fact that a decade had transpired since the aforementioned event should not be alarming. Identifying new strategic conditions of a revolutionary nature does not happen quickly.[60]

Strategic Positioning.

Enhanced fidelity, however, is needed to advance this analysis of the strategic orientation and placement of the U.S. and Canadian Armies. Organizational theorists have created a method to determine more accurately where these respective organizations are situated on the Life Cycle. SPACE, or STRATEGIC POSITION and ACTION EVALUATION, is used to determine the appropriate strategic posture for an organization.[61] SPACE is a method to overcome the limitations of other strategic placement tools, such as industry attractiveness, company strength matrix, and directional policy matrix.[62] SPACE uses four axes based on the categories of Financial Strength, Competitive Advantage, Industry Strength, and Environmental Stability to orient the organization into a general strategic position. Figure 6 shows the layout for using SPACE:

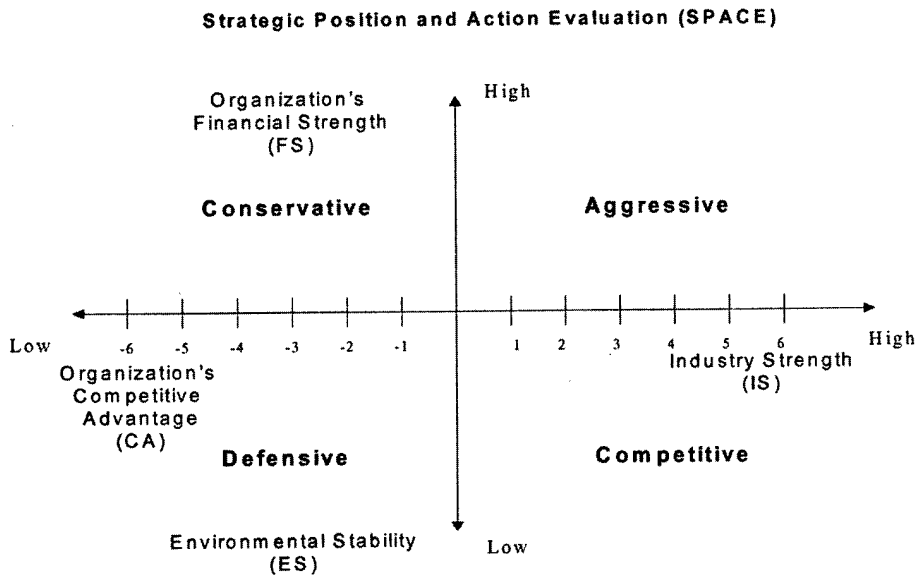

Figure 6. SPACE.

SPACE placement is based on a list of factors within each category that together provide a quantitative resultant in the form of a vector.[63] These categories and factors are provided at the Appendix. The interaction of the vertical and horizontal categories creates a vector that indicates the strategic position in which an organization finds itself and, most revealing, offers insight into the strategic position that may be most desired in which to survive, compete, and eventually win. This is highlighted in Figure 7 which captures the four generic strategic postures.

Critics of this methodology will question the appropriateness of the listed SPACE factors and categories within the context of military organizations. Political and business theorist Mary Parker Follett addresses this concern. Follett writes that business in society is indeed a social agency similar to the traditional professions, yet in many ways more contributory to society than the professions. The interpretation, she argues, that business is somehow different than other social organizations as a result of the profit motive is intellectually misleading. All organizations are motivated by profit; to confine profit to merely the domain of financial gain is an oversimplification.[64] In summary, her theories warrant the broader application of SPACE to include military organizations.

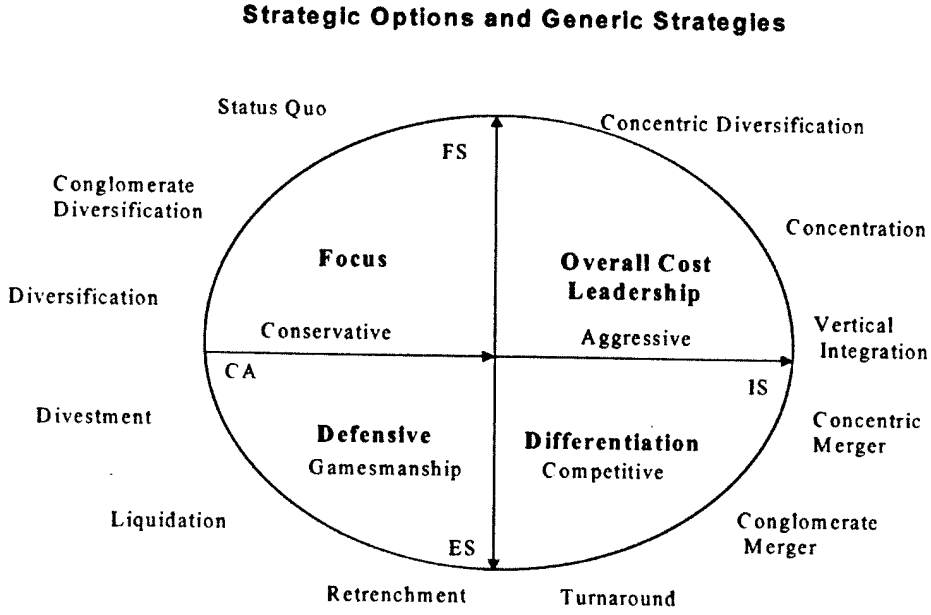

Figure 7. Generic Strategies and Options.

A brief explanation of each quadrant in Figure 7 is prudent. The *Aggressive Quadrant* is the most dominant of the four and features an organization with overall cost leadership. Typically situated in an attractive industry, the operating environment is usually stable, the company has a strong competitive advantage within the industry, and the financial strength to protect this lead. Exploiting market opportunities, increasing market share, and concentrating resources on products and services that have a definite competitive edge remain the characteristics of this position. This is the strategy of prospectors.[65]

The *Differentiation* or *Competitive Quadrant* is also typical of an attractive industry. The organization has competitive advantage in a relatively unstable operating environment. The search for financial resources defines this quadrant as organizations try to increase marketing thrust, extend or add to a product or service line, invest in productivity, reduce costs, and protect competitive advantages in usually a declining market. This is the strategy of reactors. It is usually an unstable strategic posture leading to failure because it is considered to be unsustainable over the long term.[66]

The third quadrant depicts the *Conservative* posture. Stable markets and low growth force organizations to narrow the product line, reduce costs, protect products, and attempt to gain entry into better markets. This is a strategy for analyzers.[67]

Lastly, the *Defensive Quadrant* is marked by an unattractive industry, a lack of competitive products, and weak financial strength. Organizations within this quadrant are not competitive, need to retreat from the market, reduce costs aggressively, and defer or minimize investments. This is the strategy of defenders.[68] This position is considered a temporary orientation before retaking the initiative towards a *Focus* or *Differentiated Strategy*.

U.S. and Canadian Army Position.

Specifically, for the two Armies under consideration, the categories of Industry Strength and Environmental Stability remain constant, the former relating to the global military industry and the latter to the global operating environment. The categories of Financial Strength and Competitive

Advantage relate directly to the strengths and weaknesses of each organization and therefore produce very distinct results. Applied to the Canadian Army, which features weak financial strength in relative terms to its competitors and moderate competitive advantages throughout the entire marketplace, the strategic vector is shown in Figure 8. For the United States Army, which features strong relative financial strength and high competitive advantages, the result is indicated in Figure 9.

Strategic Position and Action Evaluation (SPACE)

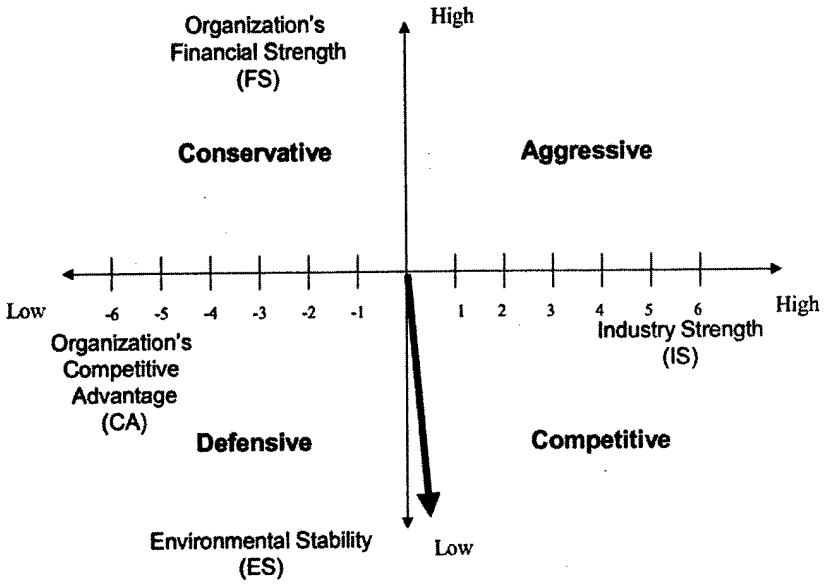

Figure 8. Canadian Army SPACE Results.

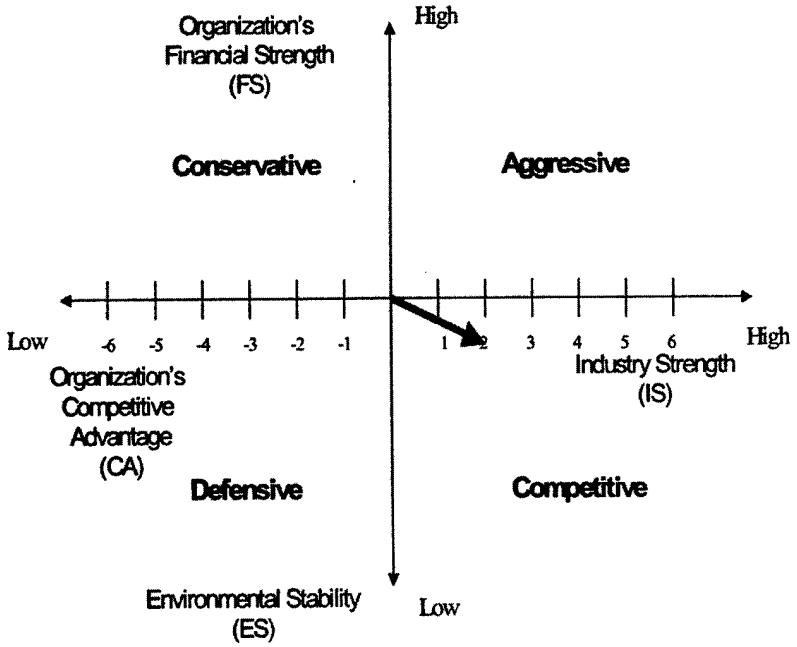

Figure 9. U.S. Army SPACE Results.

This result is particularly intriguing. For Canada and the United States, the vectors are within the same quadrant—highlighting an overall current strategy that is competitive in orientation, characterized by significant industry strength, but mitigated by weaknesses in financial resources and environmental stability. Both organizations enjoy some competitive advantage in this unstable environment. The Competitive Quadrant is also a quadrant of Differentiation—that is, the ability to offer a variety of products or services that are valuable to the industry.

To remain in this space, organizations must compress to survive. Compression, according to Porter, means adding more value to existing products, not necessarily pursuing the creation of more products or services. Specifically, an organization must have a unique product that can deliver a proportionately greater benefit. This strategy requires strong marketing skills, superior product engineering and quality, and close coordination of the research and development (R&D), production, distribution, service, and marketing functions. However, an organization with sufficient financial strength, such as the United States, could still compete in this posture by extending or improving its skills or services, investing in productivity, reducing costs, and protecting competitive advantages.[69]

Alternatively, Canada lacks financial strength. Canada, according to Porter, must not engage in an industry-wide market but focus on certain skills or services, alliances or coalitions, or geographic locations. A narrower market allows skill specification and niche monopolization. For the United States and Canada, however, the Competitive Quadrant is both unstable and basically defensive in nature.[70]

Any commonality between the two organizations ends at this point. Based on the separation of the directional vectors, the U.S. Army would be more aligned to the Concentric Merger or Horizontal Merger Zone, moving towards the Aggressive Quadrant and Overall Cost Leadership, the most dominant quadrant. The Canadian Army would be aligned to the Turnaround Zone moving towards the Defensive Quadrant. These generic strategy options will be examined in greater military-specific detail in Part V.

For both Armies, restructuring is requisite. Organizational restructure serves as the instrument to move from one strategic posture to another. The degree of strategic movement envisaged directly correlates to the amount of restructuring needed. Based on these generic descriptions, it is now possible to revisit the Life Cycle Chart and better place the two organizations.

It is clear that both Armies share an *unstable operating environment*. Through the use of SPACE, both are established in the Competitive Quadrant, the quadrant of Differentiation. These two factors point to the life cycle stage of Development. Therefore, these initial observations provide the start-point for a more detailed examination of the two Army strategies.

Summary.

The Life Cycle Model and SPACE have provided an insight into strategic positioning for both the U.S. and Canadian Armies. The constructs created a relative framework for comparison. This comparative approach permits improved understanding of potential courses of action available to the two organizations for identifying a preferred strategic orientation. Using characteristics aligned with different generic strategies and organizational placement, it is possible to advance the formulation of strategy.

PART IV: STRATEGIC ANALYSIS

Overview.

An unstable yet simple global operating environment characterizes the Developmental Stage. This

environment sets the strategic context. Due to the operating turbulence, this stage of the Life Cycle features the inductive model of science,[71] the need for widely-shared information, and a strategic posture that is reactive in nature. Such a posture requires an external focus. To be successful, according to this model, an organization must exhibit the following:

- a strategy founded on Differentiation;
- an informal organizational structure; and,
- a conceptual and directive management approach.

The remainder of this section will examine each of these topics in considerable detail by providing a general description of the defining characteristics and then aligning these to the Armies of the United States and Canada. This approach will provide the reader with a better understanding of how organizational and business theorists view these selected qualities as compared to the two Armies.

The Global Operating Environment.

Notwithstanding one's position on the concept of military revolution or Revolution in Military Affairs (RMA), it is clear that since the end of the Cold War, the nature and conduct of conflict have changed.[72] Porter and Rivkin believe that a revolutionary-type event changes many elements of the industry simultaneously.[73] Such radical change is transformational and demands equally radical thinking.[74] Applying this to the military context, it is apparent that the rules of military competition in peace and war have been altered. Predictions of new world order following the Gulf War in 1991 have simply not materialized as envisaged.[75] The so-called Powell Doctrine has not endured.[76] Formerly dominant elements of military power have been devalued. Boundaries have been blurred between combatants and noncombatants, terrorists and civilians, children and adults, and civil war and intervention. In addition, technology diffusion has empowered both individuals and states.

In "Military Revolution," Krepinevich believes such a phenomenon offers major opportunities for relatively small or medium powers to steal advantages from great powers.[77] Full spectrum competition is not necessary, he contends, specialization along the conflict spectrum can make formidable competitors. New entrants can penetrate the market of waging conflict. Little external coherence exists, particularly in the traditional sense, as bipolarity has given way to unipolarity, the most dangerous global scenario. Nations' armies are scrambling to remain relevant. Some are even attempting to be all things to all concerned. This scenario portends instability.

While the aspect of global instability may be easily acknowledged by the reader, the other feature of this operating environment is the characteristic of simplicity. This term describes a situation whereby the operating environment is, relatively speaking, easy to understand. This appears counterintuitive. Thomas Friedman, author and syndicated columnist for the *New York Times*, asserts that we now know as much about today's system of globalization, its direction, and implications as we understood about the Cold War in 1946.[78] His example is noteworthy. Dr. David Jablonsky, U.S. Army War College, agrees that the time period 1946-50 shares much with today's environment. During that time the United States assumed a reactionary strategic posture as it came to terms with the threat of the Soviet Union. Not until the onset of the Korean War was the grand strategy of containment crystallized with most of its attendant complexities.[79]

In an address to the Army War College in August 2001, NASA's Chief Scientist Dennis Bushnell claimed the world has only begun to experience complexity, citing the end of Information Technology and the emergence of the Bio/Nano Age, followed thereafter by the Virtual Age.[80] In "Strategy and the Revolution in Military Affairs: From Theory to Policy," Dr. Steven Metz and Lieutenant Colonel James Kievit postulate that the world may be witnessing the first phase of the current RMA; the next phase,

they claim, will be even more sophisticated, featuring nanotechnology, robotics, pyschotechnology, and cyberdefense. In an examination of future trends and warfare, Jacquelyn Davis and Michael Sweeney point to the application of directed energy weapons, space assets, and genetically engineered, vaccine-resistant biological agents.[81]

From this perspective, complexity is a concept that needs comparative reference points to provide proper meaning. Superimposed on the Life Cycle Model, a relative relationship is possible. Therefore, in concert with the selected Life Cycle Stage, it is reasonable to conclude that, while the global environment is complicated and will only continue to manifest greater complexity, it remains, in relative terms, both unstable and simple.

Strategy Formulation.

Army strategy is merely one product in a long line of guiding precepts and documents starting at the national-political level. Therefore, it is prudent to briefly examine various components of the strategy formulation model before scrutinizing the Army strategy itself.[82]

Grand Strategy is the nation's articulation of its interests and objectives as realized through the elements of national power.[83] In the 1990s under the Clinton administration, the United States followed an overall theme of *Selective Engagement*; Canada, under the Chretien Government, followed an approach of *Cooperative Security*.[84] This distinction also marked the two nations' views of realism on one side and liberalism on the other. A review of the two nation's stated interests and objectives reinforces this distinction. This comparison is important because it addresses the core question regarding the role of a nation's military. Understandably, both nations shaped a military force based on their respective grand strategies.[85]

While the grand strategy for Canada has remained generally consistent with Jean Chretien and his Liberal Party platform, the same cannot be said for the United States. The Bush administration, as witnessed by the 2001 QDR and, more recently, by the 2002 *National Security Strategy* (NSS) adopted a grand strategy of *Primacy*, with elements of *Neo-Isolationism*.[86] This divergence is further revealed in the supporting *National Military Strategy* (NMS). In the most recent version, the theme of the 1997 strategy of *Shape, Respond, and Prepare Now* has been changed to *Protect, Prevent, and Prevail*.[87] Moreover, *Joint Vision 2020*, published in June 2000, describes a series of operational concepts or aspirational capabilities.[88] The 2002 NMS assumes these concepts will be realized.[89] This scenario presents serious challenges to both countries.

Canada is only now undertaking a departmental review. Originally planned as a defense policy review, the government has shifted focus and directed a defense update. In the meantime the 1994 White Paper remains in effect, so Canada may find itself badly out of touch with global realities. Rather than striking new direction, it is anticipated the ongoing policy update will be little more than an exercise to compress existing tasks into an already meager defense budget. This belief is further supported by the release of the Army Strategy in March 2002, a move that clearly preceded the broader departmental initiative and affirms a highly conservative approach.

For the United States, the issue may also be one of misalignment but for different reasons. Having formally initiated an Army Strategy in 1999, the United States now risks developing a force that does not meet the expectations of the new Bush administration. It must be asked if an army of a previous grand strategy can meet the demands of an altogether new one. The importance of technology domination in the U.S. Army may have set in motion development that is even now too far downstream to reorient. Arguably, Crusader may be one example of this disconnect.[90]

These grand strategic issues are key to subsequent strategy formulation as they represent potential pre-conditional vulnerabilities at the Army level. In addition, the theoretical assumptions previously identified which underpin these Armies' strategies are fundamental to subsequent formulations.[91]

Purpose, Vision, Mission, and Values.

While Part I of this paper highlighted the commonalities between business and military strategy formulation, it is clear that certain differences do exist. Unlike business, the military is usually given a mission statement; mission statements answer the question, "What is our business?" Vision statements answer, "What do we want to become?"[92] Therefore, the accepted norm of strategic visioning to initiate the planning process is constrained from the onset in the military. An examination of the U.S. and Canadian Armies' vision and mission statements will better demonstrate this dilemma.

First, a fundamental issue is whether or not strategic purpose and strategic mission are the same.[93] Purpose is enduring. For an organization, purpose stems from belief systems and principles that serve to guide.[94]

Purpose is the operative word in the U.S. Army, not mission. According to *JV 2020*, the presumed primary purpose of the U.S. Army is to fight and win the nation's wars. This is a pervasive theme through several documents spanning both political and military domains: the 1997 NMS, the 2000 NSS, 2002 NSS, and 2002 NMS. In *Field Manual (FM)-1*, "The Army," a doctrine manual, the fundamental purpose is stated as service to the nation and its people, defending their security and interests, and securing their rights and liberties.[95] The Transformation Campaign Plan specifies the Army purpose as: fighting and winning the nation's wars and providing options to shape the global environment to the future benefit of the United States and its Allies.[96] The mission of the Army, as a singular statement, is mentioned only in *The Senior Leader Reference Handbook* published by the Army War College.[97] Even here, the mission statement mirrors the purpose statement from previous documents. In a June 1999 memo, the CSA stated the Army's core competency is fighting and winning the nation's wars.[98]

With the release of U.S. Army Plan 2004-19, this issue may be finally resolved. A clear and concise distinction has been made in this document between Army purpose and mission. More significantly, the Plan articulates a mission statement that has been amended to reflect the present global situation.[99] From an organizational standpoint, this is a very progressive step. By virtue of making this distinction, concurrent with changing the mission statement, the U.S. Army recognizes the need for strategic tradeoffs and enhanced organizational focus.

Clarity of organizational purpose and mission is essential. Ambiguity at this point in strategy formulation cascades throughout the organization and weakens subsequent planning. Certainly, core competency, mission, and purpose are not synonymous.

For the Canadian Army, mission and purpose are distinct entities. The Army's purpose is to protect vital national interests; contribute to international peace; and promote national unity and well-being.[100] The mission statement is identified in *Canada's Army*, a foundation document: to generate and maintain combat capable, multipurpose land forces to meet Canada's defence policy objectives.[101] The mission statement however, has not changed for decades, despite the evolving operating environment. Fighting and winning wars are rarely mentioned.

Laurie points out that a mission statement sets the stage for strategy formulation: statements that are too precise end up prescribing strategy; a statement that is too vague means inadequate guidance and loss of focus; some statements, he contends, are simply wrong for the changing times.[102] Simply put, a mission statement that is too general can be dysfunctional because it does not exclude any strategic alternatives. Conversely, if the statement is too precise, it limits the potential of creative growth for the organization. Mission statements must mobilize the organization towards its purpose.[103]

Clearly, purpose, mission, and vision statements must cohere. Much discussion has ensued over the years concerning vision statements. In *Implementing Your Strategic Plan*, Fogg claims vision is where you want to be in the future;[104] John Kotter states the purpose of vision is to clarify the direction for change, motivate people to take action, and facilitate coordination. Vision must be both creative and

emotional. It must be grounded in the reality of the organization and ease decisionmaking. A clear vision, he contends, permits resources to be freed up with minimal conflict.[105] He also warns that trying to balance the concerns of all stakeholders in a vision will result only in failure.

The Car adian Army vision was recently published in the *Army Strategy*, March 2002:

> The Army will generate, employ, and sustain strategically relevant and tactically decisive medium-weight forces. Using progressive doctrine, realistic training, and leading-edge technologies, the Army will be a knowledge-based and command-centric institution capable of continuous adaptation and task tailoring across the spectrum of conflict. The cohesion and morale of our soldiers will be preserved through sharing a collective covenant of trust and common understanding of explicit and implicit intent. With selfless leadership and coherent management, the Army will synchronize force development to achieve joint integration and combined interoperability with ground forces of the US, other ABCA countries, and selected NATO allies. As a broadly based representational national institution with a proud heritage, the Army will provide a disciplined force of last resort and contribute to national values and objectives at home and abroad.[106]

The U.S. Army vision statement was crafted in 1999: "*Soldiers on point for the nation . . . . Persuasive in peace, invincible in war.*"[107] Other documents state the vision is: "*People, Readiness, and Transformation.*"[108] The real vision, however, appears to be an amalgam of the two thoughts.

Vision statements create no end of debate. DeYoung tells us we must be careful not to make vision statements into mottos or mission statements.[109] Peter Senge claims only shared visions assume power because they contain common caring. The shared sense of purpose, vision, and operating values establishes the most basic level of commonality.

Adaptive learning can occur without shared vision; but generative learning, key to a learning organization, cannot.[110] Successful organizations must be both. Moreover, shared vision must produce creative tension, as this is the source of new ideas.[111] Senge also adds that the idea of "buying into" a vision is flawed. This approach devolves into a sales pitch, a matter of compliance, not commitment. Playing by the rules is not enough. True enrollment, he says, comes from wanting the vision. Similarly, Follett argues that such an approach results in behavioral change, not cognitive change. These circumstances may encourage imitation but rarely bring about new understanding or personal engagement.[112] Vision must activate people's core values and aspirations.[113] It must arouse feelings and generate emotional equity in the organization.

Vision must also appeal to values. Values exist at two levels: individual and organizational. They embody the essence of a culture. Both armies cite a formal set of values; such ideals as loyalty, duty, respect, and integrity appear on the lists.[114] These are individual values, although both organizations may argue otherwise. However, it is clear that the published set of values resonate at the individual level, not higher.[115] A Harvard Business School article, "Putting Your Finger on Capability," posits that organizational values represent the set of criteria by which decisions are made. They transcend the moral dimension, where traditional interpretations have commonly placed values. Organizational values enable people to make decisions that further the strategic direction of the company; they also lend consistency to distributed decisionmaking.[116] Organizational values clarify standards within the enterprise; they identify what the organization will not do. They speak on what the organization stands for.[117] This is particularly important for organizations where economic gain is not a unifying theme.[118] Retired U.S. Army General Gordon Sullivan believes all organizations are value-based. The real question, he adds, is knowing what these organizational values are.[119] In a changing operating environment that threatens traditional structures and culture, core organizational values serve as vital anchors.

Neither armies' documents reveal any such value-set.[120] Values, deemed essential by both organizations, reside only at the individual level. Organizational values, as discussed, are absent. This

deficiency is important. Without organizational values strategic leaders rely on personal values to formulate strategy, which may not be in the best interests of the organization's future. Further, in the absence of stated and internalized organizational values, operating values are formed independently and informally. From an organizational perspective, this can be very perilous.

Strategic Intent.

Hamel and Prahalad describe strategic intent as a desired leadership position. Strategic intent establishes the criterion the organization will use to chart its progress.[121] Intent maintains strategic coherence over time when organizations are otherwise increasingly prone to changes in leadership. It also provides the context for identifying and exploiting opportunities.[122] Strategic intent is all about ends; means are flexible. Creative strategies must incorporate the role of strategic intent to focus organizational attention. Strategic intent sets the conditions for winning.

On June 23, 1999, the CSA stated his intent for the U.S. Army: "To aspire to be the most esteemed institution in the Nation, the most respected Army in the world, and the most feared ground force to those whose actions would threaten the vital interests of the US."[123] The memo goes on to detail the objectives (ends) to be attained. These include increasing strategic responsiveness; developing a clear long-term strategy to improve jointness; implementing the goals of JV 2010; manning the warfighting units; developing leaders for joint warfighting and change; completing the full integration of the Active and Reserve components; and providing for the well-being of soldiers, civilians, and family members.

Conversely, the Canadian Army does not have a published strategic intent statement. It is embedded within its aforementioned vision statement. Despite this, certain objectives have been identified, which include managing readiness, delivering a combat capable, sustainable Force structure, shaping Army culture, and connecting with Canadians.[124]

The central issue for both armies is how these stated objectives support the overall strategic intent. The logic, as posited by both organizations, is that the accomplishment of the stated objectives as a whole will realize the overall intent. However, if this linkage is weak, either intellectually or by virtue of implementation, the strategy will be unduly vulnerable.

Core Competencies and Core Capabilities.

In the Developmental Stage of the Life Cycle, an organization generally has few capabilities. It relies on the development and protection of core competencies. As a young company grows and matures, capabilities emerge. For mature companies that have experienced a revolutionary-type event, however, returning to core competencies is requisite to understanding the organization's true competitive capabilities for the new operating reality. In some cases these competencies will support generating new capabilities; alternatively, an organization may need to create new competencies to survive.

In their seminal *Harvard Business Review* article, "The Core Competencies of the Corporation," Gary Hamel and C. K. Prahalad define core competencies. Three tests are used: first, core competencies must provide potential access to a wide variety of markets; secondly, they should make a significant contribution to the perceived customer's benefit of the end product or service; and lastly, they must be difficult for competitors to imitate.[125] According to Dr. Tom Koplyay, Professor of Business Strategy of the University of Ottawa, core competencies are what an organization possesses; they represent unique features. Core competencies differ from core capabilities in that the latter represent what an organization can do.[126] The link between the two is process. Core processes transfer a competence into a capability; otherwise a unique feature remains benign. The reason the two characteristics are deemed "core" is because they represent the essence of the company. Loss of a core competency or capability can render an organization dysfunctional. Core competencies permit organizational leveraging. They

also must be protected.

In *Competence-Based Strategic Management* Aime Heene and Ron Sanchez claim business leaders are now recognizing that competition is centered on competencies, not products or services. Dynamic environments demand strategic flexibility. An organization that has correctly identified its market preferences possesses a greater range of response from competencies based on flexible coordination and resources. High performance organizations invest in maintaining and improving flexibility of existing competencies rather than developing alternative ones.[127] Core competencies are leveraged to gain competitive advantage and fulfill organizational vision.[128] Few companies have more than five or six core competencies. Some examples of core competencies include Wal-Mart's cross-docking and management information systems, 3M's knowledge of adhesive and coating technologies, Honda's technical excellence in four stroke engines, and Proctor and Gamble's superior understanding of market and customer trends.[129] The above represents not what an organization can do, but what unique features it possesses.

Applied to the strategies of the U.S. and Canadian Armies, we can better assess respective core competencies and capabilities. FM-1 defines core competencies as the essential and enduring capabilities of the U.S. Army.[130] It further articulates the Army's specific core competencies. Based on the aforementioned description, however, this list does not represent what the U.S. Army possesses as unique features. By definition, therefore, it does not provide the Army with potential access to the full continuum of operations and spectrum of conflict. This list captures only what the U.S. Army can do, its capabilities.

Conversely, the Canadian Army does not identify a list of core competencies.[131] It identifies certain strengths. Current doctrine recognizes six combat functions: command, information operations, maneuver, firepower, protection, and sustainment. Functions and strengths, however, are not competencies.

Identifying core competencies, while essential, is not simple. Corporate self-description creates blind spots.[132] Every organization needs to be sensitive to this phenomenon; it starts with management's definition of assets and resources. This definition must recognize recent theories on resource competitiveness.[133] Where assets or resources are deficient to meet stated or intended objectives, an organization must either build on existing competencies through investment or enter into alliances with complementary organizations. The inability to execute either option will result in strategic failure.

The fundamental actions an organization must perform to survive and win in its marketplace represent core capabilities. Values, processes, and resources serve as the ingredients to core capability.[134] Values have already been discussed. Process is the organizational pattern of communication, interaction, and coordination. Core processes in an organization facilitate transformation of key inputs into competitive value. They are both formal and informal; processes can also be efficient and transferable.[135] Whereas the type of resource was critical in identifying potential competencies, capabilities are determined by the quality and quantity of the resource. Process determines the competitive value that is derived from resources. The spectrum of organizational capabilities is broad: some organizations rely on superior resources; others rely on process improvement. The best organizations can do both.

The U.S. Army has identified its core processes. The Army's original six critical processes, according to Sullivan, served as organizational imperatives: Quality People, Training, Force Mix, Doctrine, Modern Equipment, and Leader Development.[136] These processes represented the Army's strategic architecture. According to Sullivan, the networking of these processes with one another produced trained and ready troops. FM-1, however, does not identify core processes. Neither does *The Army Plan 2004-19*.

The Army War College publication, *How the Army Runs*, identifies Force Development, Force Integration, Force Modernization, and Force Management as the Army's current key processes.[137] It also identifies Force Management and Development as functions within the Life Cycle Model.[138]

Unfortunately, the distinction between function and process remains elusive and the absence of core process in the Army's foundation documents dilutes understanding. This is problematic as the Army's stated value proposition—that is, its inherent competitive advantage—is prompt and sustained land dominance across the range of military operations and spectrum of conflict.[139]

From the 1997 QDR, the military's core capability was clear: to deter aggression and defeat two large scale, cross-border aggressions in distant theaters, in overlapping time periods, preferably in concert with regional allies.[140] This statement linked directly to FM-1, which indicates the Army must be capable of defeating enemy land forces and seizing, occupying, and defending land areas, conducting air and missile defense, conducting space and space control operations, and conducting joint amphibious and airborne operations.[141] These are current capabilities; arguably, only the first is a core capability.

With the 2001 QDR this focus changed dramatically to a portfolio of capabilities.[142] *JV 2020* identified four operational concepts or aspirational capabilities: dominant maneuver, precision engagement, focused logistics, and full dimensional protection.[143] These overarching concepts guide development of Army capabilities as the Objective Force is pursued. Draft TRADOC Pamphlet 525-3-0 captures these new broad capabilities as *seeing first, understanding first, acting first, and finishing decisively.*[144] Any linkage to core competencies, however, is unstated.

The Canadian Army identifies neither core processes nor core capabilities in a rigorous manner. Process receives scant attention in the Canadian Army's documents.[145] Any connection between process and capabilities appears disconnected from an organizational perspective. *Strategy 2020* lists a number of strategic capabilities. The Army has identified two—modernization and global deployability—as key capabilities in this list.[146] *Canada's Army* views tasks and capabilities as the same issue.[147] In the *Army Strategy,* applying force across the spectrum of conflict and continuum of operations is highlighted as a core capability.[148] Looking forward, the Canadian Army cites its aspirational capabilities as *sensing, commanding, acting, shielding, and sustaining.*[149] These are also referred to as operational functions. A rigorous analysis and articulation of the Army's core capabilities, based on a search of the literature, appears wanting. The value proposition is unstated. Organizational specificity is absent.

Organizational theory asserts that the identification of core capabilities is fundamental to determining the organizational construct. Successful companies organize around core capabilities in a layered manner. An organization that cannot clearly state its core capabilities will suffer weak organizational design. Transforming a force based on weak design introduces significant risk. Furthermore, organizational design is particularly important as both armies strive to be capability-based organizations, not threat-based.[150]

This last observation deserves further comment. Divergence from a threat-based Army cannot be underestimated. In "The Future Behind Us," Murray and Knox argue that past analyses have been the basis of continued innovation. Success in the Gulf War was based on 50 years of focusing on a specific threat: the Soviet Union. The strategy to move away from this approach, the authors contend, ushers in the technological-bureaucratic thinking that inevitably results in vague concepts and doctrine. In turn, organizations inevitably chase ambiguous capabilities.[151]

Transformation and Organizational Design.

Transformation has captured the attention of both the U.S. and Canadian Armies for several years.[152] In the *Annual Report to the US President and the Congress 2000,* former Secretary of Defense William Cohen stated that transformation was needed because the strategic environment had changed. Technology, the report detailed, was the key driver; used correctly, technology would foster new operational concepts, organizational arrangements, and information systems.[153] The report went on to direct that each service must focus on core competencies to support the transformation effort.[154] In *JV 2020* the goal of transformation was the creation of a force that was dominant across the full spectrum

of military operations, persuasive in peace, decisive in war, preeminent in any form of conflict.[155] However, what these documents did not adequately capture was a definition for transformation.

Transformation has been difficult to understand.[156] Throughout army documents, a precise definition of transformation has remained entirely elusive. In organizational theory, the most succinct definition for transformation was captured by Jerry Porras and Robert Silvers in 1991, who view transformation as one of two planned change interventions. The other is Organizational Development (OD).[157] Transformation seeks to create a new vision. It is paradigmatic in scope. In other words, a prevailing perspective or collective belief system, previously unquestioned and unexamined in a rigorous manner, has been changed.[158] Transformation does not limit itself to creating a better strategic fit between capabilities and current and predicted future environments. Cognitive change, leading to radical behavioral change within the organization, is the goal of successful transformation. Organizational beliefs, purpose, and missions are targeted. New premises are explored through such means as psychology, systems theory, and modeling techniques.[159] Transformation is tough.

Despite Porras and Silvers' efforts, understanding of transformation has remained vague. Sullivan asserted transformation moves an organization to a higher plane, qualitatively.[160] The intent was to create a new standard of force, not merely to keep up with changes. He also identified the Army's six core processes as critical to transformation. But this was before 1996. The 2001 QDR characterizes transformation as:

> the result of exploiting new approaches to operational concepts and capabilities, the use of old and new technologies, and using forms of organization that more effectively anticipate new or still emerging strategic and operational challenges and opportunities and that render previous methods of conducting war obsolete or subordinate.[161]

However, U.S. Army Plan 2004-19 does not reflect this characterization of transformation. According to the Plan, transformation is a continuous change process.[162] It has no endpoint.

The Canadian Army's approach to transformation originated with Defence Planning Guidance 2000.[163] Two requirements served as catalysts for transformation: the need to modernize the force; and the department's intent to attain enhanced flexibility through resource leveraging. Transformation was the necessary process. It was not an indefinite condition. Strategy 2020 further identified the change objectives. As discussed, the Army focused on two: modernization and becoming globally deployable. The latter objective was consistent with the Minister's stated policy of "early in-early out."[164]

In his analysis of industry transformation, Porter believes the phenomenon is a very rare event. Transformation occurs when an industry changes dramatically; the balance of power shifts in the competitive market. New players appear. Smart companies have the opportunity to influence the entire industry during such a dynamic time. He argues transformation also creates predictable stages for organizations: a trigger, an era of experimentation, and convergence.[165] A summary of each stage follows.

The Trigger. Technology, a change in customer needs or wants, and/or a change in the marketplace may serve as a trigger event.[166] Organizational metamorphosis, however, does not occur until the leadership acts upon the event. The 2002 NSS states this period has been roughly 10 years.[167] A trigger event sets off system-wide changes. New ways of conducting business materialize; strategic tradeoffs are required. An organization incapable of making strategic tradeoffs does not undergo transformation.[168]

Experimentation. Widespread trial and error follows a trigger event. Incumbents modify the activities of their core business or launch ventures to exploit perceived opportunities.[169] New threats emerge; new market entrants appear. Lack of information exists. Competing organizations mimic one another for fear of being left behind. Partnerships are sought to hedge bets. Metrics do not exist. Financial strength

plays a crucial role as assessments of success may be far removed from reality.

Convergence. Most organizational experiments fail during this period. The industry, however, starts to clear; shakeout ensues as companies realize failures and successes. Dominant organizational designs emerge.[170] Moreover, economies of scale are threatened, leaving the door open for more competitors than anticipated.

Kotter also theorizes about transformation.[171] Earlier he postulated that structures, skills, systems, and supervisors served as the biggest obstacles to change.[172] A consonant theme in his later book is that management fails to understand the emotional issue as it builds its case for change based solely on logic and rationale. People's behavior is the central issue of change, not strategy, structure, culture, or systems. Lack of connection with people disempowers the organization.[173] Culture changes last, according to Kotter. Organizational failure occurs when companies attempt this first. Norms and values cannot transition at the beginning. New behaviors are not norms until new ways of operating are shown to be successful; short-term wins must be visible, meaningful, and unambiguous.[174] Successful organizational transformation is rare.

The U.S. Army's Transformation Plan is clearly articulated.[175] It is not a predictive plan; it serves to guide. The Transformation Objective is to have a strategically responsive and dominant force at every point on the spectrum of operations.[176] The approach will be conditions-based and, initially, incremental.[177] Transformation will feature an Initial Force, Interim Force, and, finally, an Objective Force. By 2032 five Objective Force divisions will be operational. Figure 10 depicts the concept for transformation. The Army will develop the capability to project and sustain a combat brigade anywhere in the world in 96 hrs, one division in 120 hrs, and five divisions in 30 days.[178] The Objective Force Future Combat System (FCS) Battalion will serve as the organizational foundation and basic building block.[179] This is an enormous undertaking and timelines for decision points are already moving to the right.

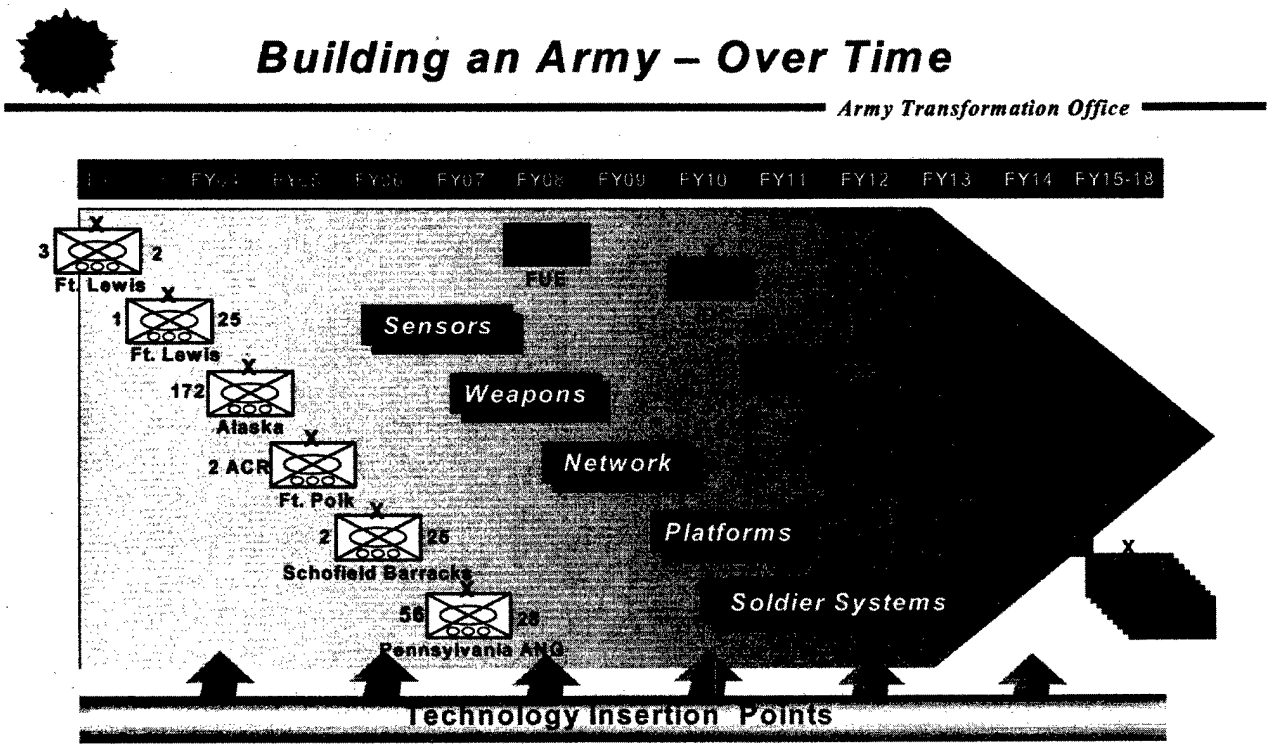

Figure 10. U.S. Army Transformation.

Transformation is also underway in the Canadian Army. Although a definitive plan has yet to be published, the Army sees a gradual approach to transformation until 2006 featuring an asymmetric design amongst the brigades. This redesign will serve as a platform from which to orient and launch the Army into the future. A radical change process will then occur to develop symmetrical brigades by 2011. The Transformation Objective is to have a combat-capable and sustainable information age force. New readiness standards are not yet envisaged. Figure 11 captures the concept.

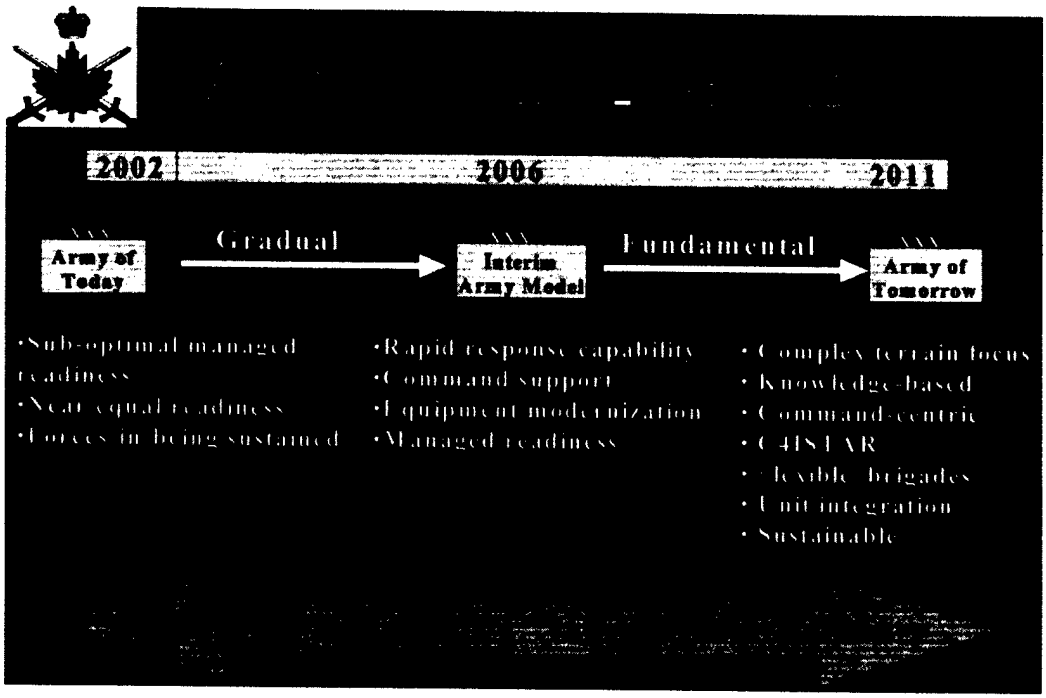

Figure 11: Canadian Army Transformation Concept.

Hamel and Prahalad state that transformational armies will have to master at least one of two issues to be successful: time and place. Specifically, spatial separation occurs when one part of the organization undertakes the change process while the other parts remain stable.[180] This requires clear delineation and different roles; this does not mean the stable group is completely immune to change. New ideas are insulated within the organization and allowed to develop. It features risk control as a major theme. Speed, however, may be sacrificed. Linked to core competencies, transformation also implies a method of feedback loops from the lower levels based on emergent perspectives. Top management, therefore, cannot fully control the process for optimization. This description anticipates the U.S. Army's desired direction for transformation.

The second mechanism is time separation: the whole organization alternates between periods of stability and periods of renewal. This type of change is most found in organizations experiencing major change. With temporal separation the possibilities of failure are greater if the change process is weak. Speed of execution, however, can be faster.[181] Outdated core competencies are targeted, and new processes are introduced. Total enterprise mobilization is necessary to start the process.[182] Evolutionary change is subordinated to radical change. This form of transformation tends to represent the desires of DoD.[183] According to the literature, it also represents the highest potential for failure.

Conflict within the Canadian context appears less likely. Any sense of urgency is more prevalent within the Army than the department. Using the Readiness Framework as the basic architecture, the Army is in a position to use a reanimated approach that best balances risk with learning.[184] Spatial

and time separation will be less distinct due to the much smaller scale of the transformation effort. Technology convergence through restructuring and combining core competencies offers the best means of assuring organizational survival. This transformational approach, however, will be slow and halting. Based on the U.S. experience with transformation, 2006 and 2011 may be too optimistic. Moreover, the scale issue risks catching a significant portion of the Army in less than a combat-ready state during the process.

Transformation lays bare organizational design. *JV 2020* foresees an organizational construct that is flexible (as created by Service core competencies), adaptive, and innovative.[185] Information superiority must also be a fundamental feature. With the exception of the latter, such an organizational description fits a learning organization.[186] A learning organization values problem-solving; traditional organizations value efficiency.[187] Expanding capacity to create the future on a continuous basis is a key characteristic of a learning organization.[188]

Organizational learning, however, is difficult. Most companies have done this poorly. Senge identifies seven learning disabilities that affect organizations.[189] Of particular note are the failure of people to understand the organization's purpose and therefore identifying only with their assigned tasks; mistaking reactiveness for proactiveness; the threat of event management, which destroys generative learning; failing to experience the consequence of decisionmaking at the strategic level; and failing to recognize that complex problems must be dealt with by a leadership team that possesses diverse, not similar, cognitive makeup.

Innovation is also a key feature. Historian Williamson Murray says effective military innovation is evolutionary, not revolutionary. Evolutionary innovation depends on organizational focus over time and long-term culture change. Guidance from a single individual cannot accomplish this.[190] Shared beliefs and understanding throughout the organization are essential.

The design characteristics of a learning organization exhibit a distinct pattern. Vertical alignment in the form of hierarchy gives way to horizontal structures. In a turbulent environment the hierarchy is overloaded with issues, which sacrifices speed. Function is replaced by process.[191] Tasks are also re-defined into roles, the latter allowing greater discretion and focusing knowledge and control with the employee, not the supervisor. The role of information also changes in a learning organization. Sharing information, not controlling information, is key. Large companies try to emulate small companies in this sense. Rigid cultures, focused internally, transition to adaptive cultures, focused externally.[192] Learning organizations are open systems, emphasizing knowledge and interaction at every level.

Information superiority was the other requisite feature of the desired organizational design. Sullivan states that modern companies are organized around information, not function.[193] For this reason, the U.S. Army, with its conception of Force 21, undertook to design its organization around information.[194] This would foster simultaneity and synchronization.[195] Consistent with competence-based management thinking, organizing around a capability also represents a core feature. The strategic logic, therefore, could flow in two directions: first, the U.S. Army's information system represents a core competency and conducting information operations is a core capability. Information superiority, in this case, would be a qualitative, core product of the two. Second, information superiority is a core competency, while a core capability is information operations. These two alternatives pose significantly different challenges and potential misalignment with overarching guidance documents.[196] Both options, though, require the Army to defend this competency and capability for reasons already mentioned. If it is determined that these core aspects cannot be satisfactorily protected at a certain level—brigade or unit—then the organizational construct must change. In other words, the Interim Force Stryker Brigades or Objective Force FCS Battalions must be organized to withstand attacks on their core features: information systems, information superiority, and information operations.[197]

The Canadian Army has taken a different approach to organizational design. Brigades are force generators and the necessary construct to ensure tactical proficiency at the unit level. While it has not

been clearly stated that a functional or informational approach has been adopted at a certain level, thus far units retain their functional role.

A command support organization is being created concurrently at the brigade level to enhance the conduct of information operations. Modularity at the Unit HQ and subunit level will be a prevalent theme. For example, a light infantry battalion HQ will have the inherent C4 apparatus to take command of a tank squadron, mechanized infantry company, and combat engineer squadron, seamlessly. Likewise, each Combat Arm subunit will be capable of plugging into a maneuver unit HQ in the same manner. Whether the organizational construct is meant to protect and defend a core competence or capability remains unclear. This ambiguity is dangerous since the Canadian Army frequently deploys into operations at the subunit and unit level.[198] The fact the Canadian Army has stated neither its core competencies nor capabilities makes organizational design highly problematic.

Transformation and organizational design are critical to both organizations. Transformation means trade-offs; it means a shift in strategic orientation and interpretation. It implies there will be winners and losers. The scope for both armies is clear: joint transformation is being sought over service transformation. Organizational design follows a similar pattern. Design features must accentuate the organization's true source of competitive advantage. This means understanding and protecting core competencies and capabilities. This also implies tradeoffs.

Management Doctrine.

Finally, this analysis focuses on the overarching management doctrine embraced by the two armies. The management doctrine most organizations have used, if unwittingly, is captured in the phrase "Strategy, Structure, Systems." The essence of this thinking is that once a company has developed its strategy, organizational structure follows, as do the systems needed to ensure competitiveness. This is a common approach within militaries. It is based on the industrial organization.

This model originated in the 1920s when such companies as General Motors, DuPont Corporation, and Standard Oil created organizational revolution.[199] The predominant strategy was diversification, which led to unprecedented growth and served Corporate America well for more than 50 years. This strategy created multidivisional structures; it institutionalized the process of resource allocation by top management. Delegation relied on systems of information planning and reporting to ensure management kept control.[200] The concept of top, middle, and lower management was framed by this approach.

Industrial organizations also used a method of empirical positivism to formulate strategic theory.[201] Positivistic economics pervaded in American business schools in the 1960s and 1970s. This approach declared that deductive reasoning from first principles was sufficient for the prediction of organizational behavior. It also asserted that the psychological processes of decisionmakers in the organization were irrelevant for the purpose of scientific investigation of economic activity.[202] Managers were the result of this thinking, not leaders. Even today, managers use formal structures, systems, and procedures; they tend to avoid culture.[203] Challenges to the status quo in such an environment led to isolation. Therefore, looking inside the organization at the actual decisionmakers or organizational processes was unimportant.

With the arrival of multiple markets and greater complexity in the early 1970s, strategic business units (SBUs) emerged. Divisional structures began fraying as compartmentalization occurred. In the 1980s, mergers and acquisitions took over from SBUs.[204] TQM appeared, as did fast-cycle innovation, alliance-based competition, and other concepts all layered on the original structure. By the 1990s it became clear that third generation strategies could not be implemented by second generation organizational designs. Incremental continuous improvement was the legacy of this approach.[205] Static environments permitted strategy to answer the question, "Where do we want to go?" Then organizations followed.

In dynamic markets, strategy is the organization. The key question becomes "How do we want to get there?"[206] The new operating reality began to demand a change in management doctrine.

Porter, long associated with the strategy, structure, systems management approach, does not dispute this claim. Porter acknowledges that turbulent times may cause a company's historical approach to become untenable.[207] Strategic positioning must change; it may mirror a new market entrant.[208] Turbulent environments cause companies with high interdependencies and complex internal systems to undertake changes slowly. To be agile and adaptive, a company must minimize these interconnections.[209] Organizations using management methods from companies 20-30 years old will fail in a transformation effort because they are too centralized, change is too slow, and people spend enormous time coordinating effort and de-conflicting issues.[210]

The new management trend focuses on Purpose, Process, and People.[211] Organizations must focus on roles and relationships, not tasks and activities. Organizations, it is argued, are social institutions, not economic models; people therefore must be managed as key assets if knowledge, innovation, and creativity are important. Systems designed to reduce human error and minimize the idiosyncrasies of human behavior must be supplanted by comprehensive process. Optimized strategic architecture supports the deliberate adherence to critical processes which allow the full realization of human capital. Rule-breakers and rule-makers must replace traditional strategic orthodoxy.[212]

In actuality, this management orientation has existed for almost 80 years. American political scientist Mary Parker Follett (1868-1933), described by Peter Drucker as the "prophet of management," espoused this philosophy of business organization and management early in the 20th century.[213] Her criticisms of hierarchical structures and the need for organizational conflict as a catalyst for creativity, however, ran contrary to the accepted norms of industrial North America at the time. According to Tokihito Enomoto, Professor of Business Administration at Tokai University in Japan, Follett's teachings have been highly praised in Japanese management circles for decades.[214] Only in the past 10 years have Follett's writings begun to resurface in Corporate North America.

This revisited approach remains consistent with systems thinking, which is generally oriented towards the long-term. This viewpoint demands an understanding of four distinct levels, ranging from the reactive to generative.[215] Systems-thinking is about shared vision at the generative level. It requires new mental models. It also assumes that every organization or ecosystem has an optimal rate of growth or change that can be either evolutionary or revolutionary. Moving too quickly will cause organizational slow down. Well-focused yet small actions can produce significant and enduring changes.[216] Systems-thinking, Senge asserts, is actually about seeing processes.[217]

This management thinking also embraces competence-based strategic management models.[218] The shortfalls of industrial organizations and resource-based theories in turbulent conditions ushered in the need for competence-based strategies. In dynamic environments, positivism helps to understand constraints on change and organizational characteristics. Understanding organizational processes and the motivations of decisionmakers permits inquiry from the inside. This is the essence of competence-based management thinking.[219] This approach recognizes that leaders have significant cognitive limitations in understanding complexity. Organizations seek leaders with distinctive intellectual and personality profiles.[220] New emphasis is given to people and their behavior. This thinking proceeds inductively; it gathers and interprets data in support of an inferential orientation.[221]

The U.S. Army may be in a state of transition in light of these management doctrines. In 1996, *Army Vision 2010* embraced the mantra of strategies, soldiers, structures, and systems, an industrial approach with the inclusion of people. Moreover, purpose is the operative word of the organization. The Army has also identified core processes. Various documents state soldiers are the Army and the strength of the Army is its people.[222] This bodes well for inculcating the management thinking of Purpose, Process, People.

The Canadian Army still subscribes to Strategy, Structure, Systems. Strategic fit and positioning

pervade management conceptualization; systems versus process remain extremely important. Activities bundling dominates problem solving. The prominence of people within the organization remains strong but plays a subordinate role in strategy formulation. Organizational structures and tasks have captured the attention of top management. The identification of relationships in the Army Strategy, however, has been an important first step. Overall though, this industrial management approach will not readily lead to creation of the learning organization desired by the Canadian Army.

Transformation of the two armies demands new organizational, doctrinal, and training adaptation. Indeed, the over-arching management approach within the two organizations must transform as well. Failure to recognize this broader dimension of change will lessen any potential organizational successes.

Summary.

The foregoing analysis offers to provide a focused, comparative look at the two armies' strategic components. In many cases, we have noted a significant divergence of thinking exists between the communities of organizational and business theorists and practitioners with military strategists. This divergence is important to appreciate. As both communities continue to merge, gaps in understanding and conception will inevitably cause organizational confusion. Secondly, as the two armies continue to formulate strategy in a dynamic environment, these same gaps will heighten the potential for organizational failure. This does not bode well for either nation.

PART V: KEY OBSERVATIONS

Analysis.

At this point it is necessary to capture the overriding impact statements of the previous commentary. Only then can further rigor be applied in terms of presenting recommendations. Therefore, for ease of presentation, the major observations and their analysis, as derived from the previous research, are listed below.

The *Grand Strategies* of the United States and Canada are significantly different. This difference cascades down to the respective Armies' strategies. The United States is seeking primarily self-contained and independent capabilities of an offensive nature, while Canada is desirous of security interdependence and capabilities of a largely defensive nature. Little interoperability between the two armies is envisaged without radical reorientation in roles and relationships. This refocus would require political impetus since the two armies, particularly Canada's, will not be able to accomplish this requirement independently;

Despite the purported guidance from higher authorities (DOD, DND, OSD, and the Joint Staff), both armies are moving forward at a pace that is not being matched at the Joint level. This service-oriented trajectory makes the realization of genuine leap-ahead joint capabilities less likely. The Canadian Army, relatively speaking, is better situated to bring synergy to the joint arena than the U.S. Army due to a stronger joint process in Canada, a less-focused technology commitment, and a dearth of overall resources. Service boundaries, however, remain significant impediments to realizing higher interorganizational capabilities.

According to the assessment of the global environment and use of management tools such as SPACE and Life Cycle, both armies are correctly positioned with a *Differentiated Strategy*.[223] However, this is an unstable strategic position and inherently defensive in nature. It is also considered unsustainable over the long term. A new strategy, therefore, is needed in concert with Life Cycle progression.

The *strategic intent* of the U.S. Army is clear and unequivocal. As a statement, it is complete. More

importantly, it provides the desired end-state for repositioning the strategy referred to above. Less clear, however, is the way the stated objectives will attain this intent. Since means and ways follow ends, there is potential dissonance between the U.S. strategic intent and stated objectives.

The Canadian Army has no distinct *strategic intent* statement. The absence of a clear and specific intent statement detracts from any desired leadership position for the Army within its setting. From this standpoint, the stated objectives may be appropriate; however, ends are designed to contribute to the desired end-state. Without a clear end-state, linkages are perilous.

The absence of *organizational values* detracts from the *vision statements* of both armies. Neither vision statement captures the energies of the audience.[224] While individual values have been clearly detailed, they do not sufficiently resonate with the stated visions. This underlying weakness also affects the purpose and mission statement. Once again, ambiguity in terminology detracts from understanding. This is particularly evident in the case of the U.S. Army.

The two armies have addressed the issue of organizational purpose and mission quite differently. While both organizations have acknowledged a distinction in the two concepts, the United States has proceeded positively and changed its mission statement to better align with its operating environment. Canada has changed neither its purpose nor mission statement, remaining virtually independent of the global situation. Considering the present and forecasted financial situation for Canada's Army, the entire relevancy of its mission statement merits serious reconsideration.

Dynamic environments demand organizational flexibility; flexibility originates from core competencies. Both armies have failed to properly understand this concept. The core competencies listed by the U.S. Army do not align with current management theory and reflect a vocabulary more consistent with closed-system thinking. In turn, the inability to distinguish between functions and processes further jeopardizes the identification of true capabilities.

The Canadian Army's situation is even less optimistic. Without identified core competencies and processes, attaining needed capabilities is unlikely. The identification of Unity as the essential way to leverage capabilities can only be correct if Unity is also a core competence, which it is not.[225] Issues of competencies, processes, and capabilities are the fundamental weakness of both armies' strategies.

The transformation of the U.S. Army runs the risk of clashing with the OSD. While the definition of transformation remains elusive at the working level, it is clear that the Army plan is not meeting the expectations of the political leadership. This has the potential of major long-term risk as organizational processes, already identified as a weakness, will be the key mechanism for controlling an accelerated program;[226]

The Canadian transformation effort features less long-term risk. Its gradual tempo, at least initially, will permit a certain degree of lesson-learning from the U.S. experience. However, the transformation will consume essentially the entire Force at one time. This poses operational risks in the near-term. Lastly, for both organizations, transformation is largely an internally-focused exercise. Vigilance will be the watchword as the organizations continue to respond to a turbulent operating environment with potentially altogether new developments.

The issue of organizational design is tied to core competencies and capabilities. Accurately identifying the capability around which to organize is key to success. The U.S. Army has chosen information. It remains unclear, though, at what organizational level: unit, brigade, division, or corps. Documentation on the Objective Force indicates this level to be the FCS Battalion. This also implies information at the specified level can be protected from attack.

The Canadian Army, in the absence of identifying core capabilities, remains functional in design. The modular approach adopted by the Army, however, has the potential to relegate functional design to the subunit level only, a level that is arguably tactically indecisive. This organizational divergence could present downstream interoperability friction with the United States. Moreover, any weakness in

the organizational construct of the two Armies will impact the transformation effort, particularly with a capabilities-based objective.

It is clear that neither army has placed meaningful emphasis on achieving cognitive diversity, a prerequisite for a truly learning and insightful organization. While people have always been valued within both organizations, revisited management thinking and present realities bring new meaning and applications to the people-issue. Creating well-integrated organizational processes requires leadership with varied thinking profiles. Changing mental models, overcoming organizational trends of reductionism and deductivism, and using conflict positively to inspire creativity demands the use of management and behavioral tools that transcend traditional leadership selection systems.

Finally, both Armies still possess significant features of the industrial-based organization with its associated classical management theory. Informal or learning organizational characteristics remain elusive. At the same time, while strategic conceptualization has certainly been dominant, the degree of directional leadership needed at this stage in the Organizational Life Cycle has been varied. The U.S. Army is currently directed by a very strong Secretary in a manner that is causing significant organizational friction. The Canadian Army continues its consensus-seeking leadership approach, not directive. During turbulent times, this approach is strategically the least effective.[227]

The Next Step in Strategy Formulation: U.S. Army Options.

For the United States, two choices emerge: remain in the Competitive Quadrant or move into the Aggressive Quadrant. Either approach is global in scope. Adopting the former means horizontal integration to expand market share. In this setting, two competitors would conduct such a transaction, resulting in the survival of one and the death of the other.[228] For the U.S. Army, however, this means either alliances with selected nations or the integration of one of the other existing U.S. Services or a component therein—such as the Marine Corps. Based on the Grand Strategy of the Bush administration, the latter approach appears more congruent. This strategic approach, as indicated in Part III, entails expanding the Army's capabilities over the continuum of operations. The vast financial resources of the United States lend this approach viability. Sustaining this approach would require proportionately higher financial levels over time. A differentiated strategy also demands a learning organization. This would remain consistent with the present direction of the Army. However, as peer competitors emerge, namely China, this strategic position remains vulnerable to defeat.[229]

Movement to the Aggressive Quadrant translates into a combination of greater vertical integration and concentration. Optimized economies of scale, tight control over production costs and overhead, maximizing learning effects as witnessed through cost reductions, close supervision of labor, and efficient distribution capabilities highlight this posture. This also requires an external focus, the need to broaden the product line, and reduce competitive pressures. This is the dominant strategic posture and brings to those organizations capable of achieving this position a high market share and superior return on investment. However, this is a strategy that is not necessarily conducive to the learning organization presently envisaged by the U.S. Army. This strategy focuses on efficiencies and technology domination. This approach requires strategy formulation and execution at the highest levels. Shared vision throughout the organization is not necessarily important for this strategy. Systems thinking, as an approach, is diluted.

The United States seeks full spectrum operations dominance and military preeminence. The United States also views China as a potential peer competitor. Such a viewpoint indicates the need to move into the Aggressive Quadrant.[230]

Canadian Army Options.

For Canada, the strategy must be to either remain in the Competitive Quadrant and conduct a Turnaround or move deliberately to the Defensive Quadrant and Retrench. In all cases, the fundamental requirement for this organization is to acquire financial resources, either unilaterally or by finding a partner. The former would most likely only be realized at the expense of another organization within the Defence Department; the latter would require U.S. investment or outright substitution. Both are unlikely, although new developments could occur with the creation of Northern Command (NORTHCOM).

A Turnaround Strategy, while still competitive, is most applicable for an organization undertaking temporal separation for transformation. This strategy also involves merging closely related competencies, within and external to the organization, to allow enhanced product and service offerings, cost savings, and specified market domination. This implies narrowing the market domain, guarding existing advantages, and concentrating resources through centralized control. It still demands a learning organization. Otherwise, the Canadian Army cannot prosper in the current global operating environment.

Should this approach not be selected, the Army would be left with no choice but to pursue Retrenchment. The Army, therefore, would move into the Defensive Quadrant; the organization would then focus on a narrow market domain, eliminate parts of the organization that have proven less competitive, reduce activity levels, cut costs aggressively, and viciously guard the market segment that it has targeted. This position is all about organizational survival. This demands adaptive and generative learning to eventually reenter a more valued generic strategic position. This strategy also means withdrawing from the global picture, at least temporarily.

The Army's mandate to remain multipurpose and capable of bringing forward forces across the entire spectrum in a tactically decisive manner points to a continued differentiated strategy. The capabilities desired by the Canadian Army to accomplish this goal demand that proper resources be identified, understood, and available. This is not the case. Moreover, this strategic position is not sustainable in the long term, which is counter to the systems approach presently embraced by the leadership. Choosing the Defensive Quadrant permits the concentration of the Army's limited resources and the time to find market niches. For Canada, this would mean being able to focus internally, reducing activity levels, permanently phasing out and removing certain organizational components and capabilities, and realigning the entire organization to a specified market. Only this strategy offers longer term success.

PART VI: CONCLUSIONS

At the time of this writing, U.S. and Canadian military strategy and strategy formulation continues to be closely scrutinized. In early November 2002, after only 4 months in office, Minister of National Defence the Honourable John McCallum stated publicly that the military required more financing. Later that same month, the Senate Committee on Defence and Security published its report on the state of the Canadian military, asserting the need to withdraw all overseas presence for a period of approximately 24 months, and immediately inject the Forces with an additional $4 billion to turnaround the military. It cited the woeful state of the Army in particular: undermanning, old equipment, and insufficient funding to sustain present overseas commitments. In 2003 the Government announced a baseline increase of $800 million to the departmental budget; how much of that makes its way to the Army remains to be seen.

In the United States, Secretary of Defense Donald Rumsfeld continues to carefully examine each service. He is reportedly considering a reduction from six to four Stryker brigades and pushing the realization of the Future Combat System to the right by an additional 2 years. On November 4, 2002, *Bloomberg News* reported the Army was considering the transfer to private industry and elimination of 214,000 positions. In addition, Comanche, the Army's second pillar of Transformation, was reduced

in scope by 30 percent. Despite these setbacks, money is not the issue. On the positive side, the U.S. Army has asked for a budget increase to approximately $90 billion, and the Bush administration has proposed a roughly $400 billion defense budget for 2004.

North America has entered the post-industrial age. It is an understatement to say that both armies are facing turbulent times. Change is no longer linear or episodic; in the 21st century it has become discontinuous. This operating environment has been characterized by the abruptness of shortened product and service life cycles. Most emphatically for the U.S. and Canadian Armies, it has shortened strategy life cycles. In a discontinuous world, strategy decay proliferates. In the domain of strategy conception, the battle lines are between new thinking and old.

Strategy in this context must be designed to alter the course of change to suit one's own advantage. The notion of managing external change is an exercise in futility. From this perspective, true strategy creation is elusive. The long held idea that implementation was the most difficult aspect of strategy was based on the past practice of borrowing someone else's strategy and attempting to make it your own. Strategic planning is not strategizing; the drive for organizational efficiencies is an exercise in diminishing returns. Setting new conditions in which to operate and succeed is the essence of genuine contemporary strategy.

To escape this archaic mindset, smart and innovative thinking is the foundation of true strategy. Innovative thinking must overcome precedent. The incubation for innovation lies in an organization's core competencies and strategic assets. The foundation for innovation lies in the imagination. People and their ideas must be inextricably linked to organizational leadership. Innovation serves as a means to an end—organizational robustness and flexibility.

Organizational leadership needs to focus less on trying to make strategy and spend more time finding strategy. Senior leadership needs to create opportunities for people's ideas to come forward and be scrutinized. History has revealed a number of lessons upon which Army leadership must seize: emerging technologies make military revolutions possible; competitive advantage is short-lived; asymmetrical national objectives, cultures, and resources allow for niche competitors; the ability to identify a competitor's advantage is not always clear; and, finally, technologies that underwrite a revolutionary-type era are often developed outside the Army and imported. All these lessons remain applicable today. In combination, these lessons must influence the formulation of Army strategy.

Organizations with clear strategies during these periods in history often play a major role in defining the new operating environment. Strategy, in such a setting, is a directional and value concept. Positioning cannot be static. Constant refinement is needed as new technologies and insights change or influence the prospects for delivery of the strategy. Such has been the lessons of organizational theorists and the practical experience of the private sector. These insights leave little doubt as to why the Canadian and U.S. Armies have turned to these communities for guidance.

Yet both of these communities offer much more. The private sector has served as the executive agency for modern management thinking and conception. Organizational failures have occurred; successes have been realized. Risk has always been a predominant issue. Competing and winning within the selected operating environment has always remained the fundamental focus. Delivering value beyond expectations has always remained the sustainable benchmark for organizational success. Attentive audiences can learn much in terms of understanding and assessing the perpetual conflict between this forum of theory and practice.

Fundamentals like organizational purpose, vision, values, culture, and capabilities underpin organizational performance. Applying the tools of organizational analysis in a transforming world requires greater skill than in a mature environment. To be successful, organizations must distinguish between the enduring and transient; they must be capable of discriminating between their current and future operations on important dimensions. The new organizational agenda must merge two previously separate systems. Organizations need to be redefined, not by what they do, but by what

they know and possess as unique features. In the final analysis, organizations must strive for a portfolio of competencies, not capabilities.

A winning strategy must identify competitive advantages. Core competencies are an inextricable part of every successful strategy, detailing the tangible and intangible within the organization that will be leveraged to fulfill the vision. Organizational values and beliefs drive culture—the culture that will produce the competitive performance desired. This is what the world of business has provided to those who are students of learning.

At this stage of the 21st century, both armies have assumed the role of student. Such a role is not easy for a profession of practitioners. Learning from private enterprise within the modern and future strategic operating context does not come easily for a warfighting organization. It is only too convenient to dismiss this approach, calling on misinformed platitudes about and biases towards nonmilitary thinking. But learn the warfighters must. Strategies have been crafted by both armies. These strategies feature a composite of traditional military thinking, industrial, and modern management theory. Neither nation's strategy, however, is complete. As further adjustments are undertaken prior to full implementation, lingering gaps, basic in concept and fundamental in importance, remain. Failure to thoroughly understand what the theorists have said and the private sector has demonstrated continues to plague army strategy formulation. The misuse of terms, definitions, context, analysis, and application has resulted in hybrid strategies that offer little chance of shaping the future operating environment.

The two Armies of North America stand at the precipice of a new operating reality in the conduct of warfare. In the past, the world of commerce watched and learned from the practices and exploits of their nations' warfighters. Over the past 80 years, we have witnessed a transition. The 21st century has ushered in discontinuity. Now it is time for the warfighters to watch and learn from the battlespace of Corporate North America. How well these two armies understand this ongoing contest will indubitably determine the success of their own strategies.

PART VII: RECOMMENDATIONS

In an attempt to offer constructive and progressive ideas based on the previous analysis, it is only appropriate that this paper conclude with a list of recommendations. This is the author's personal opinion. All of the following statements are submitted with the intent of improving the strategies of the U.S. and Canadian Armies.

U.S. Army.

The U.S. Army needs to embrace the Aggressive Quadrant as depicted in the generic strategy model. The U.S. Army has the opportunity to further its world dominance by adopting this particular strategy. Recognizing the potential of China and seeking continuation of investment in technology, this strategic position is most consistent with the stated intent of the United States at the national and Army institutional levels. It also offers long-term success. Given the U.S. Army's present Life Cycle placement within the Competitive Quadrant, this position is completely realizable. However, as with all winning strategies, it will demand certain tradeoffs.

Efficiencies will be important to permit enhanced resource flexibility. First, dramatic vertical integration will be necessary. One example of this is the convergence of the officer entry training plan. Instead of financing three separate programs: ROTC, OCS, and West Point, the decision to train, not educate, all officers at OCS, whether or not they attend West Point, would bring about cost efficiencies and training standardization. It would also serve the need to start the process of understanding stated organizational values at a common point.

Second, concentration of effort and resources is a key characteristic of this strategy. For example,

being dominant at every point on the spectrum does not necessarily mean being the first responder. Crafting relationships with willing, valued, and capable nations offers the potential of using third parties to fill niche capability requirements throughout the world, while still permitting overall U.S. Army leadership and positioning against potential peer competitors. This may require U.S. investment in selected nations to ensure this capability exists; it may also narrow the expanding technology gap between the United States and its traditional allies.

Lastly, from a horizontal perspective, one that embodies the combination of vertical integration and concentration, the Army should assume ownership of the U.S. Marine Corps while recognizing their unique role. Synergies could be developed, costing duplication could be minimized, and resources could be better employed. The historic continuum between battle-winning and war-winning forces would reside in one arena: the Army.

To execute this strategy, the U.S. Army needs to identify its true core competencies and strategic assets. This self-examination will establish the baseline from which strategy development can occur, and leveraging can commence. The identification of existing and aspirational U.S. Army core competencies is beyond the scope of this paper. However, the author offers some existing unique features and assets to consider as a catalyst for more detailed study and research.

Combat and Warfighting Knowledge and Experience. The nature of U.S. national policy has required an unprecedented continuation of this skill and knowledge within the Army. Amongst Western Armies, and perhaps, globally, the United States possesses the most meaningful combat experience at all levels of warfare. This breadth of knowledge and experience from the strategic to the tactical domains provides significant competitive advantage.

Resource Superiority. Consistent with having the most dominant economy and innovative private sector in the world, the U.S. Army has an unparalleled mix, as measured by quantity and quality, of assets in the world: human, material, financial, and informational. Despite the weakened role of incumbency, size still matters in the world. Scale and scope advantages usher in greater potential for innovation and the recognition of patterns in a turbulent world.

Enduring Civil–Military Relations. This feature cannot be underestimated. Among Western nations, the degree of military experience in and positive relations with various forms of government and the general public is extraordinary. This relationship, unless abused, offers the Army invaluable predictability and long-term support.

The U.S. Army faces the tremendous challenge of not allowing its current advantages to breed complacency or intellectual atrophy. With the scope and scale the U.S. Army possesses, it must behave like a small organization. Feedback loops, which continually feed new ideas, yet admittedly stall rapid execution, remain invaluable. By nature, the U.S. Army is a top-down driven organization; top level management will continue to want to provide direction and implement their ideas. This orientation, however, must be balanced with the ability to receive first-hand knowledge from the group with the greatest emotional stake in the future of the Army—those at the coal-face. This same group is most likely to be denied the opportunity to contribute to strategy creation. Understanding and use of systems thinking in the U.S. Army needs to reach the unit level. The author submits that this type of thinking is currently only understood at the highest levels of leadership and is reflected in the U.S. concept for the employment of forces. With FCS Battalions identified as the integrative level for combat, generative thinking must be established and institutionalized at the unit level. Shared purpose and vision must exist at all levels.

Once its transformation has gained momentum, the U.S. Army needs to focus on integrating its systems and processes at the Joint level with its other services. To do this, the U.S. Army must understand the core competencies of the other services. Thereafter, in a collaborative approach, the Army must work towards synergies as manifested by merging the three services' processes and systems.[231]

Canadian Army.

The Canadian Army needs to adopt the Defensive Strategy and Retrench. It has little choice. Situated within a vibrant and competitive global operating environment, it does not have the financial capacity to move out of the Differentiated Strategic position it presently occupies to a more favorable and long-term winning strategic position. Despite ongoing restructuring, the organization will fail if it continues to pursue a Differentiated Strategy along the normal Life Cycle trajectory. The Growth Phase of the Life Cycle demands extensive financial depth and flexibility. Even an infusion of funds would only allow the Army temporary respite because of its present strategic position and weak understanding of its core assets and features. A retrenching posture would permit the organization to re-evaluate its true competitive advantages, better apply any enhanced financing to build and reinforce these unique features, and craft a strategy that permits achieving a leadership position within a narrower market.

The Army must exercise strategic patience and learn from the U.S. transformation experience, not attempt to run concurrent with it. Remaining multipurpose is feasible, which allows the legislated mandate to be respected, but not across the entire spectrum of conflict and continuum of operations. Once again, tradeoffs will be necessary. Affordability must be achieved; only then will the Army be able to correctly assess its surviving assets and competencies. Activities and services of marginal value and low demand need to be discarded to reduce cost structure. More appropriate and meaningful relational responsibilities with the United States, NATO, ABCA (America, Britain, Canada, and Australia), and other fora will be required. The Canadian Army is facing a struggle for credibility as a viable, armed land force. This degree of honesty will be difficult. However, only this approach offers long-term strategic competitiveness and sustainability.

To execute its recommended strategy, the Canadian Army needs to identify its true core competencies and strategic assets, for the same reasons as the U.S. Army. In this case, however, the reasons are more emphatic as the Canadian situation is far less promising in terms of flexibility. The dearth of resources has placed the Army in a condition of strategic survival. Returning to core competencies offers the only path for recovery. The author offers the following strategic assets and unique features for consideration.

Individual Training System. The Canadian Army possesses one of the finest individual training systems in the world. Despite ongoing resource pressures, a concerted effort to further build and improve upon this system has the potential of sustained production of the most talented and ingenious soldiers in the world. This competency offers tremendous leverage and flexibility.

Smallness. The Canadian Army is small. The U.S. Marine Corps alone is bigger than the entire Canadian Forces. This organizational size must be made into a competitive advantage. Small organizations have the potential to adapt faster, learn more, and develop stronger intra and inter-relationships than larger organizations. The Army has an integrated officer education program with its other Services, common initial training for its officers, and a common geographic location for the training of its Combat Arms soldiers and officers. These unique features, all attributable to the size of the organization, must be exploited.

Peace Stability Operational Experience and Knowledge. No professional Army has greater depth of knowledge and experience in this domain than the Canadian Army. While continually downplayed by warfighting advocates, the reality is irrefutable. Canada's Army is not, at this stage of development, a warfighting Army; it has been almost 50 years (Korea) since the Army was in a war. Tanks and self-propelled artillery, excluding NATO commitments in Europe, have not been operationally deployed for purposes of conducting battle in decades. This fact does not dismiss the complexity of close combat—a function the Army can perform decisively at a specified level. The core efforts most frequently sought after by Allies in the past decade, however, have been Canadian infantry and combat engineers. This

competency of peace stabilization experience, knowledge, and skill must be reinforced and leveraged.

International Acceptance. The Canadian Army is welcome in more places of the world than most, if not all, of its NATO counterparts. This international appeal permits disproportionate involvement and influence in support of desired national policy. It offers the potential for unique competitive advantage.

The Canadian Army must become a true learning organization. In a survival mode, its leaders clearly need new and better ideas. Feedback loops must be instituted that are meaningful and actually demonstrate near- and long-term results. This Army needs to focus on the adaptive and creative level of learning first. Attempts to realize third and fourth levels of systems thinking risk ignoring the immediate threat facing the organization and degrading organizational flexibility. Only after the organization has become affordable and retrenched should these higher levels of systems thinking be adopted and institutionalized. Senior management must shorten the information-sharing route to soldiers to work in a more collaborative manner. By virtue of its size, this relationship is entirely possible for the Canadian Army. It would create a competitive advantage in terms of its organizational learning curve.

Both Armies.

Both Armies must understand the level at which certain competencies exist. Competencies which exist at lower organizational levels offer less sustainable, competitive advantage, and less potential for organizational growth. Judging from the documentation on the Objective Force, the U.S. Army may be inadvertently placing certain competencies at the FCS Battalion level. For the Canadian Army, functional in design and tactical in orientation, the plan to modularize units with interchangeable subunits fails to recognize an organizational construct to protect core competencies. It also demands a high degree of programmed organizational interaction, and places any tactical advantages at risk of defeat due to its subunit design.

Both organizations need to revisit the linkage between core competencies, processes, and capabilities. Once coherence has been realized in this area, ends, ways, and means connectivity will be much more achievable and will enhance organizational performance. Based on TAP and its views on core competencies, the U.S. Army will not be able to leverage core competencies due to its failure to understand the concept. The Canadian Army needs to first identify its competencies.

Moreover, both organizations need to develop and educate leaders in a more enlightened and substantive way. Cognitive and behavioral tools should be integrated at designated points along the officer and NCO development process. Transformation is about changing mental models. Unfortunately, little work has been done to better understand the inherent conflict between organizational thinking and individual cognition. Without this understanding, both organizations will continue to suffer from institutional bias, parochialism, and failure to realize optimal performance.

Finally, both organizations need to identify their respective Centers of Gravity. Identifying and bundling their core competencies may enable both organizations to recognize this important organizational feature. The Canadian Army's stated Center of Gravity of *Institutional Credibility* is misplaced. As currently defined in the Army Strategy, *Institutional Credibility* must be obtained through the execution of the Army Campaign Plan; therefore it cannot serve as the organization's *existing* Center of Gravity because, in theory, it does not exist or is so weakened that it cannot be the present Center of Gravity. The U.S. Army has not identified its Center of Gravity.[232] Although *People* has been mentioned as the core of the organization, it is not convincing that *People* serves as the true Center of Gravity in the U.S. context. The author submits that *Technology Innovation* would be closer to the true Center of Gravity for the U.S. Army. As a concept, however, the idea of making *People* the true center

of organizational strength has incredible merit. People possess knowledge, innovation, and creativity; in doing so People offer the greatest flexibility for an organization needing to leverage capabilities.

ENDNOTES

1. Statistics provided by Dr. Gerald Isaacs of Carroll College. This data was effective as of May 13, 1996.

2. Linda Robinson, "America's Secret Armies," November 4, 2002. Available from *http://www.usnews.com*; Internet. Accessed November 2002. This article reveals the extent of downsizing in the U.S. military, including the Army, and the scope of outsourcing.

3. Gary Hamel, *Leading The Revolution: How To Thrive In Turbulent Times By Making Innovation A Way of Life*, New York: Penguin Group, 2002, p. ix. North American CEOs are losing their jobs at an unprecedented rate.

4. Peter Senge, *The Fifth Discipline, The Art and Practice of the Learning Organization*, New York: Doubleday, 1990, p. 15.

5. Hamel, p. ix. Corporate renewal in this context is the capacity to reinvent organizational processes, systems, purpose, and mission.

6. Dennis Laurie, *From Battlefield to Boardroom: Winning Management Strategies for Today's Global Business*, New York: PALGRAVE, 2001, p. 2.

7. Orthodoxy is the tendency of an organization to embrace the ideas that: senior executives set corporate direction; resources get allocated from the top; a core business will never change; predictability is better than serendipity; radical equals risky; experience is more valuable than curiosity; entrepreneurship is something that happens on the fringes of the organization; and alignment is better than dissension. The author recommends Hamel, *Leading The Revolution*, p. x. A Gallup survey entitled "Competition 2000" involved 500 CEOs. They acknowledged that newcomers (organizationally) had responded better to industry changes because they changed the rules of competition on the incumbents.

8. William S. Cohen, *Annual Report to the President and the Congress 2000*, Washington, DC: The Department of Defense, 2000. In fact the *Defense Reform Initiative Report* in 1997 set the blueprint for adopting best practices. The Annual Report specifically extolled the need to become a "better competitive" organization.

9. *Ibid.*, p. 137. The formal title is the Defense Management Council (DMC). The DoD leaders serve as the Secretary's Board of Directors. Some areas include financial management and electronic commerce, the latter attracting 120 industry CEOs.

10. *Ibid.*, p. 140.

11. Department of Defense, *Report of the Quadrennial Defense Review*, Washington, DC: U.S Department of the Army, September 30, 2001, Chapter 6. On p. 53 the report talks specifically about private sector corporations' success with separating core and noncore functions.

12. *Army Link News*, Washington, June 14, 2001. Secretary of the Army White also stated this desire to adopt sound business practices before the Senate Armed Services Committee, First Session, 107th Congress, May 10, 2001.

13. U.S. Army News Release, May 9, 2002. Secretary Rumsfeld started the BIC DoD-wide in June 2001. The intent is to find savings that can be rolled back into Transformation. Savings thus far are anticipated at $100 M per year.

14. Government of Canada, *Defence White Paper*, Ottawa, Ontario, Canada: National Defence, 1994.

15. Department of Defence, *Shaping The Future of the Canadian Forces: A Strategy for 2020*, Ottawa, Ontario, Canada: National Defence, 1999. This document captures the strategic environment for Canada and articulates the principal domains of the geo-political, military, socio-economic, and organizational requirements. It also specifies a number of 5-year goals to be met (1999-2004).

16. This assessment is based on the author's experience as the Army G3 from 1999-2002 and working with the Army Comptroller. This assessment is also documented in *A Nation At Risk*, published by the Conference of Defence Associations. Some forecasts, which include infrastructure, operations and maintenance, and new projects, are as high as $700 million.

17. Department of Defence, *The Army Strategy*, Ottawa, Ontario, Canada: Land Force Command, March 2002.

18. Pauline Graham, *Mary Parker Follett: Prophet of Management: A Celebration of Writings from the 1920s*, Boston: Harvard Business School Press Classic, 1995, pp. 121-124. In general terms, support of such an undertaking has existed for decades.

19. Graham T. Allison, "Public and Private Management: Are They Fundamentally Alike in All Unimportant Respects?" *Classics of Public Administration*, American Society for Public Administration, 1959. The reader needs to be aware of the inherent macro-level discontinuities that potentially exist when merging open and closed-type systems.

20. Richard Daft, *Organizational Theory and Design*, Nashville: Vanderbilt University, South-Western College Publishing, 2001, p. 14.

21. *Ibid.*

22. Charles E. Lindholm, "The Science of Muddling Through," *Classics of Public Administration*, American Society of Public Administration, 1959.

23. Graham, pp. 78-79. Follett argues that we use too many unanalyzed words. This tendency, she contends, demands careful scrutiny of the used language to ensure meaning.

24. Aime Heene and Ron Sanchez, *Competence-Based Strategic Management*, West Sussex, England: John Wiley and Sons, 1997. Dynamic environment is defined as environments whereby technologies and markets are undergoing significant change. In this context the change is to some extent unpredictable. The author submits that both Armies are faced with dynamic environments.

25. Alan J. Rowe, *et al.*, *Strategic Management: A Methodological Approach*, Boston: Addison-Wesley Publishing, 1999, p. 4.

26. However, as acknowledged in TAP (p. 17), the Plan was drafted in the absence of both the 2002 *National Security Strategy* and *National Military Strategy*.

27. Department of the Army, *The Army Plan 2004-2019*, Washington, DC: U.S. Department of the Army, undated. See Section One, Army Strategic Planning Guidance, ASPG, 8-11.

28. *Ibid.*, p. 17. External demand is usually operational in focus and originating with DoD and the combatant commanders; internal demands are based on Title 10 obligations.

29. *Ibid.*, pp. 20-22. The QDR also identified three broad national goals which the Army must address: ensuring U.S. security and freedom of action, honoring international commitments, and contributing to economic well-being.

30. *Ibid.*, pp. 22-23.

31. *Ibid.*, pp. 19-27. The author has combined the stated assumptions listed in the TAP from, in order, the DPG, Army Vision, and the TCP.

32. *Ibid.*, p. 9. The author submits that the adjustment of a nation's army's mission statement is a significant event and may be without precedent.

33. *Ibid.*, pp. 24-25.

34. *Ibid.*, p. 26.

35. *Ibid.*, p. 50.

36. *Ibid.*, pp. 29-31. Initial capabilities test for the Interim Force are presently scheduled for May 2003. The Objective Force endstate is five divisions by 2032.

37. *Ibid.* Chapter 11 is dedicated to core competencies.

38. *Ibid.*, p. 34. The U.S. core competencies are Shaping the Security Environment, Prompt Response, Mobilize The Army, Forcible Entry Operations, Sustained Land Dominance, and Support Civil Authorities.

39. *Ibid.*, p. 71.

40. Gary Hamel, "Strategy As Revolution," *Harvard Business Review*, July-August 1996, p. 71. Hamel submits that planning is not necessarily strategizing. Planning, he states, is more about programming. From this point forward, the author will refer to the *Harvard Business Review* as *HBR*.

41. The Army's Land Force Strategic Direction and Guidance was published in 1998. The author contends it was a plan, not a strategy.

42. The notion of proactiveness versus reactiveness is very interesting. Peter Senge says organizations commonly confuse the two. Proactiveness is understanding how the organization contributes to its own problems.

43. The author refers specifically to *Shaping the Future of the Canadian Forces: A Strategy for 2020*. This is a Joint-Departmental document, referred to from this point forward as *Strategy 2020*.

44. The other six objectives are Creating an Innovative Future; Developing A Leadership Climate of Initiative, Decisiveness, and Trust; Making the Military A Career Choice for Canadians; Developing Strategic Partnerships for DND; and Resource Stewardship.

45. Military ethos is larger than values. While the Canadian Army's values are Duty, Integrity, Honor and Discipline; ethos is about the pattern of behavior. In this manner, it bridges the cognitive acceptance of values with the actual embodiment. This interpretation was based on discussions with Dr. Leonard Wong.

46. Each objective has 5- and 10-year goals. The author points out how goals and objectives in this case are treated exactly opposite from most strategic theory writings on management.

47. In this case Transformation is a process with an actual outcome. Modernization, not transformation, will endure indefinitely.

48. Center of Gravity (C of G) can be defined as the source of strength for a force, its freedom of action, its will to continue the fight. It can be either physical or nonphysical.

49. Although the Army Strategy does not use the term, it would be appropriate to align this idea with "stakeholders." The relational medium offers the potential to change and improve competitive advantage.

50. The Army Strategy refers to these three enablers as "Decisive Points." Each one leads to the C of G. "Capabilities" is meant to describe the Army outputs on a mission focused basis; "Sustainability" is the generation of forces; and "Unity" is common thought, purpose, and action. This includes trust and effective command.

51. The Readiness Framework is based on a 36-month cycle. Each cycle—reconstitution, training, and operations—will be approximately 12 months long.

52. Critics of incrementalism must be careful. As stated by Gary Hamel in *HBR*, May 2001, in a letter to the editor titled "Revolution vs. Evolution," "incrementalism is only a problem when it prevents an organization from considering radical shifts in strategy and embracing entirely new business models," p. 150.

53. Eric Bonabeau, in a *HBR* research article titled "Predicting the Unpredictable," p. 109, details how emergent phenomena are superb for countering traditional deductive-based thinking. Emergent phenomena originate from individual actions that form collective behavior. Conclusions are often counterintuitive, as seen with several U.S. companies.

Icosystems is working with the U.S. military on this approach toward combat strategies.

54. Daft, p. 284. The reader is directed to Exhibit 8.3, "Organizational Life Cycle," footnote to reference. The author also recommends *Strategic Management: A Methodological Approach*, pp. 485-495.

55. *Ibid.*, pp. 284-289.

56. The definition of an open system was provided in Part I of this paper.

57. According to Daft, *Organization Theory and Design*, the average lifespan of an industrial organization is 42 years.

58. Specific placement of the two organizations is not important at this time. The author uses this description for purely illustrative purposes.

59. The author deliberately avoids the use of RMA. The author recommends, for the delineation between RMA and military revolution, MacGregor Knox and Williamson Murray, *Dynamics of Military Revolution 1300-2050*, Cambridge, MA: Cambridge University Press, 2001. Other definitions for the reader to peruse include those from Theodore W. Galdi, Specialist in International Security, Foreign Affairs and National Defense Division, dated December 11, 1995; Dr. Thierry Gongorra, Security and Defence Forum Conference, dated April 29-30, 1998; and Thomas J. Welch, Institute for National Strategic Studies. Peter Drucker also identifies the 21st century as the time when previous economic strategies and thinking are no longer applicable. The author recommends Peter Drucker's *The New Realities*.

60. George W. Bush, *The National Security Strategy of the United States of America*, Washington, DC: The White House, September 2002, p. 15. The document specifically recognizes the 10-year span.

61. Rowe, *et al.*, p. 255.

62. The Canadian Army Strategy was crafted based on the underpinnings of SPACE and SWOT. The latter refers to Strengths, Weaknesses, Opportunities and Threats. See Army Strategy.

63. It is not the intent of the author to present the detail of the SPACE methodology at this time, but more importantly its product. Readers are directed to Rowe, *et al.*, *Strategic Management*, for a detailed examination of this tool. SPACE results were achieved through the participation of 16 AWC students and an instructor. The plotted results are the mean of the various submissions, with outliers eliminated.

64. Graham, pp. 267-281.

65. Rowe, *et al.*, p. 261.

66. *Ibid.*, p. 262.

67. *Ibid.*, p. 261.

68. *Ibid.*

69. The key in this case would be understanding the degree of financial commitment that would be necessary for success.

70. Rowe, *et al.*, pp. 262-267.

71. The author recommends the book, *Glossary of Epistemology and Philosophy of Science*, James H. Fetzer and Robert F. Almeder, New York, Paragon House, 1993. Inductivism and Deductivism are defined on pp. 68 and 34, respectively. Deductivism is more appropriate in the Mature and Declining Stages of the Life Cycle.

72. The author is referring to Williamson Murray and MacGregor Knox in their article, "The Future Behind Us," *Dynamics of Military Revolution 1300-2050*. Military revolution is the result of massive social and political change; military organizations find themselves in a struggle to survive the phenomena. With RMA, the authors contend this marks a

period of innovation, new concepts, and technology bursts. RMA is guided by politics and strategy. Many articles have been written on RMA. The author also recommends *Strategy and the Revolution in Military Affairs: From Theory to Policy* by Steven Metz and James Kievit, June 27, 1995. Metz and Kievit note the next stage may witness the transition from C of Gs to interlinked systems. This is consistent with some organizational experts who believe the next organizational design will be networked.

73. Michael Porter and Jan Rivkin, "Industry Transformation," *HBR*, July 2000.

74. Daft, p. 354. Business strategist Gary Hamel also agrees. He states a nonlinear operating environment demands nonlinear thinking. The notion of radical thinking has been misused. In simple terms, it means changing the basis for competitive advantage within an industry. Revolutionary goals can be achieved in an evolutionary manner.

75. This has been largely portrayed as the *peace dividend. Army Vision 2010* acknowledges that the end of the Cold War instigated theories questioning the utility for large ground forces. The document proceeds to dismiss this notion.

76. See Andrew J. Bacevich, "Gulf War Illusions: A Less Than Splendid Little War," *Wilson Quarterly*, Winter 2001. The Powell Doctrine is one of clearly stated objectives related to national vital interests; the employment of overwhelming force and superior technology; commanders insulated from political meddling; a predesignated exit strategy, and producing a brief decisive campaign.

77. Murray, p. 381, "The Future Behind Us" Course Two Readings. The author contends such events permit intellectual and organizational innovation. Weaponry, platforms, and doctrine of traditional military powers are weakened.

78. Thomas Friedman, *The Lexus and the Olive Tree*, New York, Random Books, 2000.

79. Discussion between the author and Dr. Jablonsky, September 26, 2002. During this time national security institutions changed dramatically. The same is occurring today with the largest government restructuring initiative ever attempted under the Bush administration. The author also recommends the articles *Cold War Chronology* by Dr. Jablonsky and *NSC 68*, which set the direction for containment. The only additional event that must be mentioned is Stalin's speech, February 9, 1946. This set in motion U.S. policy for decades. The author also recommends Bernard Brodie's *War and Politics*, Chapters 2 and 3.

80. According to Bushnell, the Information Age started in 1950.

81. Jacquelyn K. Davis and Michael J. Sweeney, *Strategic Paradigms 2025: US Security Planning for a New Era*, The Institute for Foreign Policy Analysis, Inc., London, England: Brassey's Publishing, 1999, pp. 181-192.

82. The author recommends for review the Strategy Formulation Model as depicted by the AWC. Also, the AWC periodical, "Chapter 5: Strategic Management" by Dr. Robert Murphy, details major management concepts.

83. This definition is the author's. However, a number of articles address grand strategy, including David Jablonsky, *The State of the National Security State*; and Barry Posen and Andrew L. Ross, "Competing Visions for US Grand Strategy," *International Security*, Winter 1996/97, Vol. 21, No. 3. National power has been defined as military, economic, informational, and political.

84. For definitions of the two grand strategies, the author directs the reader to *Competing Visions of US Grand Strategy*, p. 353.

85. Gordon Sullivan and Michael V. Harper, *Hope Is Not a Method*, New York, Random House, 1996, pp. 148-166. According to Sullivan, it was realized by the Army that transformation of the force would be necessary after the Cold War and as budget cuts continued. Transformation, the method to change the force, commenced in 1993-94 during the Clinton administration.

86. The author recommends *The National Security Strategy of the United States*, September 2002. A comparison of NSS, December 2000, and NSS 2002 reveals a decidedly more aggressive strategy that introduces preemption.

87. See the 1997 *National Military Strategy* and the 2002 *National Military Strategy* draft.

88. *Joint Vision 2020* describes the operational concepts of dominant maneuver, precision engagement, focused logistics, and full dimensional protection. It is unclear if information operations and joint command and control are also concepts, despite the definitions provided in the document. A commonly used word has been "enablers" for the latter two. The author has made the interpretation that, in theory, the *JV 2020* concepts are indeed capabilities, however, since they have yet to be realized, they must be aspirational. *Army 2010* formerly identified these same concepts as patterns of operation.

89. The author contends that such an approach represents tremendous risk. Considering unrealized technology will be the major enabler of these capabilities, the United States has bet its future in a significant way.

90. The *U.S. Army Posture Statement FY 01* showcases Crusader as a key capability for Transformation. The Bush administration rejected the project.

91. The author recommends Steven Metz's book, *Strategy*, and the Canadian-produced *Army Strategy*. The first identifies underlying assumptions for the United States and the latter for Canada. Certainly, the U.S. assumptions on multipolarity must be questioned.

92. Rowe, *et al.*, p. 82.

93. The author recommends Daft's *Organization Theory and Design*, p. 53, which states purpose and mission are the same. Rowe, *et al.*, *Strategic Management: A Methodological Approach*, does not even mention organizational mission. However, many companies in the private sector use mission and purpose as distinct and separate concepts. Good examples are The Body Shop, Virgin Atlantic, UPS, Charles Schwab, and GE.

94. Jerry I. Porras and Robert C. Silvers, "Reading 6: Organizational Development and Transformation," *The Annual Review of Psychology*, Vol. 42, Annual Reviews, Inc., 1991, p. 85.

95. FM-1, "The Army," Washington, DC: Department of the Army, 2001, p. 7. Chapter 3, p. 1, of the same document, however, repeats the *JV 2020* purpose.

96. General Eric Shinseki, U.S. Army, *The Transformation Campaign Plan*, Washington, DC: Department of the Army, April 10, 2001.

97. *How the Army Runs: A Senior Leader Reference Handbook 2001-2002*, Washington, DC: Department of the Army, May 15, 2001, pp. 1-2, c.

98. Chief of the Army Staff, "Intent of the CSA" memorandum for general dissemination, Washington, DC, June 23, 1999.

99. Department of Defense, *US Army Strategy 2004-2019*, pp. 24-25. The author directs the reader back to Figure 1 in Part I, which highlights the ASPG. It is interesting that visioning is placed after purpose and mission. Now that the U.S. Army has amended its mission statement, the question must be asked if the vision needs changing as well.

100. *The Army Strategy*, p. 3.

101. See *Canada's Army*, p. 64. The stated defence objectives are defend Canada, defend North America, and contribute to international security.

102. Laurie, p. 28. The author questions whether or not transformation can occur without altering the mission statement.

103. Porras, p. 85.

104. Davis C. Fogg, *Implementing Your Strategic Plan: How to Turn Intent into Effective Action for Sustainable Change*, New York, AMACOM, 1999, p. 5.

105. John Kotter, *Leading Change*, Boston: Harvard Business School Press, 1996, pp. 69-74.

106. *Army Strategy*.

107. This is not the first vision statement for the U.S. Army. In *Hope Is Not a Method*, Sullivan identifies the Army Vision at that time on p. 87.

108. *The Transformation Campaign Plan*, p. 4.

109. Don De Young," Strategic Vision Can be Powerful," *Proceedings*, U.S. Naval Institute, 2000.

110. Senge, pp. 206-207.

111. *Ibid.*, p. 206.

112. Graham, p. 93.

113. Senge, pp. 211-214. Compliance merely means acceptance, according to Senge; people will play by the rules. Commitment means inventing new rules to see the vision attained. Too many organizations merely activate an individual's desire for career success. This is not commitment.

114. U.S. Army values were articulated by CSA on January 13, 1998. They are loyalty, duty, respect, selfless service, honor, integrity, and personal courage. The Canadian Army values are contained in *Canada's Army*. They are duty, integrity, discipline, and honor.

115. Even this is debatable, as the new generation of military recruits does not possess the same set of core values as previous generations. We must ask ourselves whether or not individual and societal values are the same. If the answer is no, then individual and organizational values are not the same. See Dr. Leonard Wong, *Stifling Innovation: Developing Tomorrow's Leaders Today*. Generations X and Y are completely different.

116. Harvard Business School, "Putting your Finger on Capability," May 20, 1999.

117. Christopher A. Bartlett and Sumantra Ghoshal, "Beyond Strategy to Purpose," *HBR*, November-December 1994. The Body Shop, as an example, values environmental causes and social change. Lincoln Electric values individual accountability and the power of pure meritocracy.

118. William D. Guth and Renato Tagiuri, "Personal Values and Corporate Strategy," Harvard Business School Publishing, July 25, 1997. Testing has shown that personal values are evident in corporate strategy formulation that may have a positive or negative influence on employee commitment.

119. Sullivan, p. 66.

120. A research of the available literature revealed no formally stated organizational value system. The author notes, however, that the Army War College has organizational values that are distinct yet complementary with the Army set of listed values. It is submitted that light forces tend to have captured the essence of organizational values—the Ranger Creed, Roger's Rules, Airborne Creed, etc. This tends to reinforce a unique attitude and focus within such organizations.

121. Gary Hamel and C. K. Prahalad, "Strategic Intent," *HBR*, May-June 1989, reprinted July 25, 1997.

122. For other interpretations of strategic intent, the author recommends *Hope Is Not A Method*, p. 104, and *FM 22-100*, p. 6-5. These are similar but not as complete as Hamel's version of intent.

123. Chief of the Army Staff memorandum, June 23, 1999.

124. *Army Strategy*.

125. Gary Hamel and C. K. Prahalad, "The Core Competence of the Corporation," *HBR*, 1990. The author also recommends Rudy Ruggles and Dan Holthouse, *The Knowledge Advantage*, pp. 92-97. Core competencies are not a singular entity; they exist as a result of mixing knowledge, skill, and, at times, technology. Core competencies are a collective.

126. Teachings of Dr. Koplyay during the series of Strategy Courses at the University of Ottawa, MBA program.

127. Heene and Sanchez, pp. 27-217.

128. *Ibid.*, p. 5.

129. Rowe, *et al.*, pp. 172-174.

130. FM-1, "The Army," p. 22. The author notes that Information Operations is not identified as a core competency, although 2001 *QDR* states Information Operations is a core competency of the Department.

131. The closest description of future competencies is contained within Directorate of Land Strategic Concepts, *Future Army Capabilities*, January 2001. It identifies five operational functions—sense, act, shield, sustain, and command. It also acknowledges these as future capabilities. See Chapter Three.

132. Heene and Sanchez, pp. 246-258. Blind spots are essentially self-imposed limitations due to cognitive bias or other influences. The strategic logic of the organization must be challenged to minimize blind spots. Failure to do so will limit leveraging and flexibility.

133. The author recommends David J. Collis and Cynthia A. Montgomery, "Competing on Resources: Strategy in the 1990s," *HBR*, July-August 1995.

134. "Putting Your Finger on Capability," *HBR*, p. 2. Also see Clayton Christensen and Michael Overdorf, "Innovation, Meeting the Challenge of Disruptive Change," *HBR*, pp. 103-111.

135. *Ibid.*, p. 3. Core processes create core capabilities which lead to the delivery of core products.

136. Harper and Sullivan, p. 103.

137. *How the Army Runs*, pp. 2-2 to 2-3. It also lists a number of key subprocesses.

138. *Ibid.*, pp. 2-8 to 2-9.

139. FM-1, "The Army," Chapter 3, p. 1. The absence of core processes diminishes an organization's ability to derive value from its asset base. The value proposition captures an organization's distinctive offering. In the latest TCP Change One, however, this value proposition is identified as the Army's Operational C of G. The two are not the same.

140. Department of Defense, *Report of the Quadrennial Defense Review*, Washington, DC: Department of the Army, May 1997, p. 12.

141. FM-1, "The Army," p. 21. The term core capability is never used. Of note is the Army core competency of sustained land dominance. The list includes a plethora of capabilities.

142. *2001 QDR*, pp. 15-17. This portfolio includes information operations, ensuring access to distant theatres, defending against threats to the U.S. and allied territory, and protecting U.S. assets in space.

143. Chairman of the Joint Chiefs of Staff, *Joint Vision 2020*, Washington, DC: Department of Defense, 2000, pp. 20-31. The author has made the link between operational concepts and aspirational capabilities. The logic used is that once operational concepts, as stated, are realized, they become capabilities.

144. TRADOC Pamphlet 525-3-0, draft version, "The United States Army Objective Force Concept, " Department of the Army, January 17, 2002, p. 5.

145. *The Army Strategy*. The term process is used as part of the Implementation Phase of the Strategy but not associated with any specific detail. A Force Development Process is mentioned, albeit vaguely.

146. *Ibid.*, p. 12.

147. *Canada's Army*, Ottawa, Ontario, Canada: National Defence, p. 71. The author submits that, at the strategic level, this is an improper use of terms.

148. *Army Strategy*, p. 7. The author submits that merely applying force across the spectrum of conflict and continuum of operations is unsatisfactory for an army.

149. *Future Army Capabilities*, Kingston, Ontario, Canada: Department of Defence, Land Force Doctrine and Training System, 2001.

150. Capability-based organizations are identified in the 2002 *NMS* for the United States, and *Army Strategy* for Canada. For Canada, this is less a new phenomenon. Capability-based planning has been long practised by the Canadian military. To be capability-based, an organization must be able to shift its strategic framework to achieve aggressive goals. This may mean abandoning traditional approaches and orientations. It usually means becoming increasingly user-focused (in the case of the U.S. Army, this relates to combatant commanders and OSD; for the Canadian Army, this is the Joint Staff), organized around chosen capabilities, and ensuring appropriate skillsets and resources exist to maintain and enhance the capability. This may require a change to organizational structures and greater focus on personnel training. Supporting information systems are also needed to ensure personnel remain current; and metrics must be applied that include the ability to recognize and compensate valued performance, both organizationally and individually. Understanding core competencies is key to capability-based strategy. See Rowe, *et al.*, *Strategic Management: A Methodological Approach*, Chapter 5.

151. Murray and Knox, pp. 174-175. In addition, all capability-based strategies require an assessment of threats. This provides the organization with an honest strengths, weaknesses, and opportunities assessment. The author contends that Murray and Knox were referring to successive or incremental innovation versus radical innovation.

152. Harper and Sullivan, pp. 148-166. Transformation was a deliberate strategy after the Cold War. The severe change in the operating environment meant gradual change was not acceptable. Transformation, at its inception, was based on a multipolar world. This must be considered one of the fundamental assumptions behind the start of the Transformation process.

153. Cohen, *Annual Report to the President and the Congress 2000*, pp. 123-124.

154. *Ibid.*, p. 125.

155. *JV 2020*, p. 1.

156. "OSD Striving to Define Transformation for Military Personnel," *Aerospace Daily*, September 6, 2002.

157. Porras and Silvers, p. 82. OD is the traditional approach. It is defined as a set of behavioral science theories, values, strategies, and techniques aimed at the planned change of organizational work settings with the intention of generating cognition change in individual members, leading to behavioral changes and thus creating a better fit between capabilities and current environmental demands, or promoting changes that help to better fit predicted future environments.

158. *Ibid.*, p. 86.

159. *Ibid.* In this case, cognitive changes refer to a radical shift in an individuals' assumptions about causal relationships and results in the replacement of another perspective with some or all new variables.

160. Harper and Sullivan, p. 149. This definition was assessed by the author as being too general, but Sullivan was correct in targeting processes as essential to transformation.

161. 2001 *QDR*, p. 29.

162. *The Army Plan 2004-2019*, p. 28.

163. *Army Strategy*, p. 11.

164. *Ibid.*, p. 12. The eight objectives from *Strategy 2020* are innovation, leadership, modernization, global deployability,

interoperability, career of choice, strategic partnerships, and resource stewardship. The policy of early in–early out describes the scenario whereby the Army will deploy into an operational theatre among the first nations, but not necessarily the first, and will exit the theatre prior to requiring extensive sustainment. This policy came about from the Army's 10 years in Bosnia which has proven to be a major constraint on future operations.

165. Porter and Rivkin, p. 2.

166. *Ibid.* Not all three must occur concurrently to initiate a trigger.

167. *National Security Strategy*, 2002, p. 15.

168. Porter and Rivkin, p. 4. Such companies merely incorporate new technologies and ideas into the existing strategy. This is not transformational.

169. *Ibid.*, p. 5. This aligns well to the military setting.

170. *Ibid.*, p. 8. Porter claims this shakeout period could last 10 years.

171. The author is speaking about his first book, *Leading Change*, 1996, and his follow-on book, *The Heart of Change*, 2002.

172. Kotter, p. 102. Change in this context refers to empowering people.

173. John Kotter, *The Heart of Change*, Boston, Harvard Business School Press, 2002, p. 104. Kotter states removing barriers to change is key .

174. *Ibid.*, pp. 134-176.

175. Transformation Campaign Plan, April 10, 2001.

176. *Ibid.*

177. Daft, p. 354. The author wishes to clarify between incremental and radical change. Incremental is continuous progression, affecting only an organizational part and conducted through normal structure and management processes. It is based on improvements to technology, which in turn improves the product or service. Radical change is paradigm-breaking, transforming, creating new organizational structures and management based on breakthrough technology, and creating new markets with its products and services.

178. Cohen, p. 125.

179. TRADOC Pamphlet, 525-3-0, Draft, January 17, 2002, p. 46-47. Brigades of the Objective Force will not be fixed organizations.

180. Heene and Sanchez, p. 93.

181. *Ibid.*

182. *Ibid*, pp. 98-100. This approach ranges from restructuring to rejuvenation in organizational terms.

183. The author recommends Vernon Loeb's article," Rumsfeld's Style, Goals Strain Ties In Pentagon," *Washington Post*, October 16, 2002. Rumsfeld is having the hardest time with the Army approach regarding Transformation. He is considering leaping past the Interim Force to accelerate the process.

184. Heene and Sanchez, pp. 98-100. Reanimation is the combination of spatial separation and revitalizing existing core competencies.

185. *JV 2020*, p. 7-10.

186. Senge, p. 14. A learning organization must combine adaptive and generative learning. Generative learning is about innovation and creativity. Adaptive learning is about surviving in the marketplace.

187. Daft, p. 25.

188. Senge, p. 107.

189. *Ibid.*, pp. 18-25. These include the enemy is out there, the illusion of taking charge, a fixation on events, boiled frog parable, the delusion of learning from experience, the myth of the management team, and I am my position. Expectancy theory also pervades most traditional organizations. See William A. Passmore, *Creating Strategic Change*, John Wiley and Sons, Inc. 1994, pp. 130-135.

190. Edward Dorn, *et al.*, *American Military Culture in the 21st Century*, Washington, DC: Center for Strategic and International Studies, 2000, p. 49. The author submits that this type of innovation was successive.

191. Senge, p. 27.

192. *Ibid.*, p. 28.

193. This view is not uncommon. Paul K. Davis, "Transforming the Armed Forces: An Agenda for Change," *The Global Century: Globalization and the National Security*, Washington,DC: National Defense University Press, 2001, agrees. *JV 2020* also states information superiority will provide competitive advantage, p. 8. Should this be true, information superiority would be a core competency, which conflicts with 2001 *QDR*'s assertion that information operations is a core competency.

194. Harper and Sullivan, p. 158-162. Traditional functions such as AD, artillery, and armor were less important than information.

195. *Ibid.*, p. 162. Simultaneity is doing many things at once; synchronization is getting the functional pieces coordinated so they can be focused at the same moment.

196. The author's interpretation of *JV 2020* would have information superiority as a core competency. *JV 2020*, pp. 7-9, sees information superiority as the source of its competitive advantage.

197. This analysis also coincides with recent studies from network-designed organizations. A network design or open-scale organization features a number of nodes and hubs. Hubs are the critical organizational element and while they are only 1-2 percent of the organizational structure they contain the vast percentage of organizational information. Attacking a hub could destroy an organization. The present Stryker Brigade design identifies three satellite pod vehicles (HMMWVs) as the formation's critical vulnerability.

198. The author relates this portion of the analyses based on his knowledge of the Army development plan in his former appointment as Army G3, 1999-2002.

199. Christopher A. Bartlett, *The Knowledge-based Organization: A Managerial Revolution*, Capstone Business Books, 1999, pp. 104-121.

200. The author notes that systems in this context are not related to systems thinking, which is based on looking at the entire effect. The systems in this management doctrine are mechanistic.

201. Heene and Sanchez, p. 24. This approach is primarily concerned with observable characteristics of organizations.

202. *Ibid.*, p. 48.

203. Kotter, *Leading Change*, pp. 161-166. The author also recommends Peter Drucker's *Management for the 21st Century*, which moves management towards a cultural orientation.

204. Bartlett, p. 110.

205. Hamel, p. 13. Fredrick Winslow Taylor's scientific management approach was the genesis of this thinking. Drucker states Taylorism defeated Marxism.

206. Gary Loren "Strategy as Process," Harvard Business School Publishing, 2001.

207. Michael Porter, "What is Strategy," *HBR*, 1996. Porter was an advocate that companies pursued either strategies of differentiation or low cost. Strategic fit, he argues, permits cost reduction or increases differentiation through activity alignment. The more second and third order fit the more sustainable the strategy.

208. *Ibid.*, p. 76.

209. Kotter, *Leading Change*, p. 134.

210. *Ibid.*, p. 140.

211. Bartlett, p. 112.

212. Gary Hamel, "Strategy as Revolution," *HBR*, July 1996.

213. The author recommends *Mary Parker Follett: Prophet of Management*. Drucker's comments on Follett can be found on pp. 1-9.

214. Graham, p. 242.

215. Daniel Kim, "Systems Thinking Tools," *The Toolbox Reprint Series*, Pegasus Communication Inc., 1994. Reactive applies to event management and the present day, adaptive is about identifying patterns of events, creative is systemic structures, and generative is about the future and shared vision. Follett was an advocate of systems thinking.

216. Senge, p. 62.

217. *Ibid.*, p. 73.

218. Heene and Sanchez, p. 53.

219. *Ibid.*, pp. 52-55.

220. *Ibid.*, pp. 221-258. Microsoft, and Cisco examine IQs, ambition, technical expertise, and business judgment. Leadership profiles are scrutinized. Southwest Airlines hires only 3 percent of the 14,0000 annual applicants. GE spends $700M a year on developing their people. Companies are now increasingly using cognitive profiles such as Hermann Brain Dominance Instrument, HBDI, Stress Maps, Emotional Intelligence tests, and Myers-Briggs Personality Indicators.

221. *Ibid.*, pp. 24-53.

222. The author could list a plethora of documents, but only a few should be necessary to reinforce this point. *Army Vision 2010*, p. 4; TRADOC Pamphlet 525-3-0, Chapter 5; The Army Plan (TAP) 2004-2019, p. 26. Peter Drucker states the knowledge worker is society's C of G. See *The New Realities*, p. 173.

223. This matches the assessment of the AWC's *How the Army Runs: A Senior Leadership Reference Handbook 2001-2002*. Differentiation, according to the AWC, is based on an organizational construct of task and functional specialization. See pp. 3-1 to 3-3.

224. Discussion between the author and approximately 25 AWC students. Canadian vision statement was examined by 16 American and foreign students during one academic session.

225. *Army Strategy*, p. 19. Unity cannot be a core competence as one of the Strategy's identified weaknesses was centered on mistrust.

226. An accelerated program also runs the risk of conflicting with the Army's condition-based strategy for Transformation.

227. Daniel Coleman, "*Leadership that Gets Results,*" *HBR*, March-April 2000, details studies conducted of six leadership styles in various scenarios. The most effective style in the competitive environment was authoritative, the least effective was consensus-seeking. The second most effective style was affiliative or people-first. These styles were closely matched to Emotional Intelligence (EI) scores, not IQs. The Canadian *Army strategy* document emphasizes the need for consensus as part of the Implementation Concept.

228. Patrick A. Gaughan, *Mergers, Acquisitions and Corporate Restructuring*, New York, John Wiley and Sons, Inc., 1999, p. 7.

229. During the AWC visit to the Asia-Pacific Strategic Center in Honolulu, Hawaii, November 5, 2002, a number of regional experts identified 2049 as the time when China wants to emerge as the major global power.

230. This is the quadrant of such private sector organizations as Wal-Mart, Home Depot, and GE.

231. The author submits that such collaboration is needed, starting with core competencies, if the U.S. military is to achieve a network-centric organization.

232. On February 21, 2003, the author received the U.S. Army Transformation Plan, Change One, December 12, 2002. On p. 8 of the TCP, both Friendly Strategic and Operational Centers of Gravity are identified. However, the stated C of Gs are not convincing and represent a misunderstanding of terminology. The Strategic C of G is clearly flawed, while the Operational C of G is actually a core capability. Moreover, it can be argued that TAP, not the TCP, should be the principal document to identify the C of Gs of the U.S. Army based on the construct of TAP as depicted in Figure 1.

APPENDIX

STRATEGIC POSITION AND ACTION EVALUATION (SPACE)

This appendix is intended to assist the reader to better understand the use of the SPACE organizational tool described in Part III of this paper. Detailed Categories and Factors are mentioned. Specifically, the Categories of Environmental Stability and Industry Strength characterize the macro-operating environment. For the purpose of this paper, the author used the former Category to describe the *Global Military Operating Environment,* and the latter to describe the *Global Military Industry.* To apply this method, the reader assigns appropriate numerical values to each factor within the Category. On the SPACE chart, displayed as Figure 6 in Part III, these factors are rated on a scale of +6 to -6. For calculating the actual score for the Category of Environmental Stability (*Global Military Operating Environment*), the reader scores each factor and determines the overall average value. This value is then subtracted from 6 and then plotted on the Environmental Stability axis on Figure 6. For example: Average - 6 = ____.

To calculate the score for Industry Strength (*Global Military Industry*) the reader merely determines the average score of the factors and plots that number on the Industry Strength axis as displayed at Figure 6.

Technological Changes	Many	0	1	2	3	4	5	6	Few
Rate of Inflation	High	0	1	2	3	4	5	6	Low
Demand Variability	Large	0	1	2	3	4	5	6	Small
Price Range of Competing Products	Wide	0	1	2	3	4	5	6	Narrow
Barriers to Entry into the Market	Few	0	1	2	3	4	5	6	Many
Competitive Pressures/Rivalry	High	0	1	2	3	4	5	6	Low
Price Elasticity of Demand	Elastic	0	1	2	3	4	5	6	Inelastic
Pressures from Substitute Products	High	0	1	2	3	4	5	6	Low

Factors Determining Environmental Stability.

Growth Potential	Low	0	1	2	3	4	5	6	High
Profit Potential	Low	0	1	2	3	4	5	6	High
Financial Stability	Low	0	1	2	3	4	5	6	High
Technological Know-How	Simple	0	1	2	3	4	5	6	Complex
Resource Utilization	Inefficient	0	1	2	3	4	5	6	Efficient
Capital Intensity	Low	0	1	2	3	4	5	6	High
Ease of Entry into the Market	Easy	0	1	2	3	4	5	6	Difficult
Productivity, Capacity Utilization	Low	0	1	2	3	4	5	6	High
Manufacturer's Bargaining Power	Low	0	1	2	3	4	5	6	High

Factors Determining Industrial Strength.

Market Share	Small	0	1	2	3	4	5	6	Large
Product Quality	Inferior	0	1	2	3	4	5	6	Superior
Product Life Cycle	Late	0	1	2	3	4	5	6	Early
Product Replacement Cycle	Variable	0	1	2	3	4	5	6	Fixed
Customer Loyalty	Low	0	1	2	3	4	5	6	High
Competition's Capacity Utilization	Low	0	1	2	3	4	5	6	High
Technological Know-How	Low	0	1	2	3	4	5	6	High
Vertical Integration	Low	0	1	2	3	4	5	6	High
Speed of New Product Introduction	Slow	0	1	2	3	4	5	6	Fast

Factors Determining Competitive Advantage.

Return on Investment	Low	0	1	2	3	4	5	6	High
Leverage	Imbalanced	0	1	2	3	4	5	6	Balanced
Liquidity	Imbalanced	0	1	2	3	4	5	6	Solid
Capital Required vs. Capital Available	High	0	1	2	3	4	5	6	Low
Cash Flow	Low	0	1	2	3	4	5	6	High
Ease of Market Exit	Difficult	0	1	2	3	4	5	6	Easy
Risk Involved in the Business	Much	0	1	2	3	4	5	6	Little
Inventory Turnover	Slow	0	1	2	3	4	5	6	Fast
Economies of Scale and Experience	Low	0	1	2	3	4	5	6	High

Factors Determining Financial Strength.

Financial Strength and Competitive Advantage are the last two categories to be scored. These categories specifically address the organization under review. They are considered the two major determinants of an organization's strategic position. Competitive Advantage is dealt with in a manner similar to Environmental Stability; the factors are scored, averaged, and then the average number is subtracted from 6. This score is then plotted on the Competitive Advantage axis at Figure 6.

Lastly, Financial Strength is dealt with in the identical manner as Industry Strength. That is, the factors are scored, an average score is determined, and this score is plotted on the Financial Strength axis as displayed at Figure 6.

The next step is to add the two scores on the axes opposite each other to obtain a directional vector. For example, a score of -3 on the Environmental Stability axis, added to a score of +2 on the Financial Strength axis, results in a score of -1, vertically. Combining a score of -2 on the Competitive Advantage axis with a score of +4 on the Industry Strength axis results in a score of +2, horizontally. The resultant -(2, -1) can be plotted and connected to the origin (0,0). This vector points to a generic strategy location as indicated at Figure 6. Using Figure 7 in Part III, the reader is now in a position to better understand the present strategic position of the assessed organization.

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